Austria ... Sch. 18	Indonesia .. Rp 2500	Portugal ... Esc 50
Bahrain .. Din.0.650	Italy ...... L 1300	S. Arabia .. Rs 8.00
Belgium ... BFr.42	Japan Y650	Singapore . S$ 4.18
Canada ... C$1.00	Jordan ... Fils.500	Spain .... Pts 110
Cyprus ... C£0 60	Kuwait ... Fils.500	Sri Lanka ... Rup 30
Denmark .. Dkr.7 25	Lebanon .. £L 8.00	Sweden .. Skr 8.50
Egypt .... E£1.00	Luxembourg . LFr.42	Switzerland SFr2.20
Finland .. Fmk.6.00	Malaysia . Rin 4.25	Taiwan ... NT$65
France .. FFr. 6 00	Mexico .. Pes. 300	Tunisia . Din 0.600
Germany . DM 2.20	Morocco .. Dh 6.00	Turkey .... L 218
Greece ..... Dr 70	Netherlands . Fl 2.50	U.A.E. ... Dh 6 50
Hong Kong . HK$ 12	Norway .. Nkr. 8.00	U.S.A. ... $1.00
India .... Rup 15	Philippines . Pes. 20	

FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

No. 29,718 Wednesday September 4 1985 D 8523 B

Why more mergers are being made in Japan, Page 14

World news

Tamils kill nine on eve of peace bid

Tamil separatist guerrillas killed seven policemen and two top Tamil politicians, apparently as a warning against holding peace talks with Sri Lanka's Government.

President Junius Jayewardene will discuss today with his Cabinet n new set of proposals on devolution of Tamil areas that were drafted in New Delhi by his special envoy and senior Indian officials.

Indian Premier Rajiv Gandhi has said the new proposals are a "good basis" for a resumption of talks between the Sri Lanka Government and the Tamils. Page 2

Soviet pledge

Moscow will propose radical nuclear missile cuts as soon as the U.S. agrees to discuss limits to the militarisation of space, Soviet leader Mikhail Gorbachev said. Page 6

Minister survives

West Germany's ruling coalition defeated opposition efforts to force the resignation of Interior Minister Friedrich Zimmermann over a spy scandal. Page 2

UK spies accused

Fresh allegations have surfaced in the French press that the British secret service helped to pin on its colleagues in the French foreign intelligence services the blame for blowing up the Rainbow Warrior, the Greenpeace ship. Page 2

Jakarta curbs

Indonesians wanting to move to Jakarta, the country's capital, might have to prove they are literate and practise birth control.

Guatemala killing

Gunmen firing from a speeding car killed a pedestrian and wounded two others as demonstrations rocked Guatemala City over higher public transport fares. Page 8

Judge sentenced

Australian High Court judge and former attorney general Lionel Murphy was sentenced in Sydney to 18 months in jail for trying to pervert the course of justice. Page 3

Death for plotters

Fourteen Moroccans were sentenced to death by n Casablanca criminal court after being convicted of plotting to overthrow the monarchy and set np an Islamic regime.

Ukrainian sentenced

A Ukrainian Catholic civil rights activist has been sentenced to seven years in a labour camp followed by five years' internal exile for involvement in a banned church group.

Anti-rebel drive

Afghanistan said security forces were succeeding in a big anti-guerrilla offensive near the Pakistan border.

Uganda peace talks

Peace talks resume in Nairobi today between Uganda's new military rulers and the country's biggest guerrilla group, the NRA. Page 3

Israelis stabbed

Two Israeli army reservists were stabbed, one of them seriously, in the casbah area of Hebron, the predominantly Arab town. In south Lebanon, a suicide bomber rammed an explosives-packed car into n pro-Israeli militia post, killing himself and wounding eight civilians and militiamen. Page 5

Expulsions 'political'

Libyan leader Col Muammar Gadaffi said the expulsion of thousands of guest workers from the country was political and not caused by economic pressures. Page 6

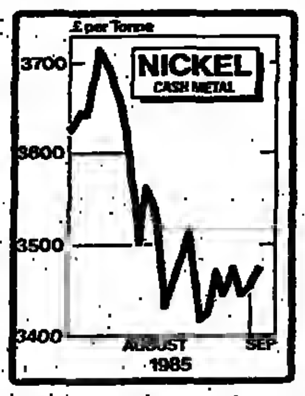
Business summary

Hanson raises offer for SCM

HANSON TRUST of the UK increased its bid for SCM, the New York-based conglomerate, by a fifth to $893m. The move was a last-minute attempt to block SCM plans to ward off Hanson through n management buyout. Page 16; Hanson stake in Bowater, Page 21

DOLLAR rose quite sharply in London, closing at DM 2.854 (DM 2.8355), SwFr 2.351 (SwFr 2.3385), FFr 8.715 (FFr 8.645) and Y239.45 (Y238.5). On Bank of England figures, the dollar's exchange-rate index rose from 138.4 to 139.1. Page 27

STERLING lost 85 points against the dollar in London to $1.389. It was also weaker at DM 3.9075 (DM 3.915), SwFr 3.2175 (SwFr 3.22), FFr 11.9425 (FFr 11.9525) and Y328.0 (Y329.0). The pound's exchange-rate index closed at 82.0 from 82.3. Page 27



NICKEL output in New Caledonia, the troubled French territory in the South Pacific, is expected to be reduced by 40 per cent because of sabotage by separatists. Output has already been cut drastically, but prices are so far unaffected. The cash price on the London Metal Exchange closed £17.50 up to £3,472.50. Page 26

GOLD fell $6.25 on the London bullion market to $328.50. It was also lower in Zurich at $328.55. Page 26

WALL STREET: At 3pm the Dow Jones industrial average was 7.85 lower at 1,326.16. Page 34

TOKYO shares ended lower as investors remained on the sidelines. The Nikkei-Dow market average shed 95.68 to 12,630.96. Page 34

LONDON stocks were hit by a sharp shakeout in electricals, which ended an early rally. The FT Ordinary share index ended down 5.7 at 1,007.8. Page 34

U.S. NATIONAL Corn Growers Association has asked the U.S. Court of International Trade in New York to issue an injunction halting all shipments of ethanol fuel blends from Brazil.

JAPAN was reported to be considering n 7.4 per cent rise in government spending for 1986, most of which would be used for servicing debt. Page 3

DE HAVILLAND Aircraft of Canada has received an order for 10 Dash 8 commuter aircraft plus options on another 10 aircraft from the Seattle-based U.S. commuter airline, Horizon Air.

CRA, Australian arm of the Rio Tinto-Zinc mining and industrial group, returned to profit in the first half after the loss of A$2.3m ($1.6m) in the second half of 1984. The company considered the improved earnings unsatisfactory.

ROBERT HOLMES A COURT, chairman of the Bell Group of companies, increased his stake in Asarco, loss-making U.S. mining company, from 8.9 per cent to 12 per cent. News of the increase came through a filing with the Securities and Exchange Commission, the watchdog for the U.S. securities industry.

FIFTY of the top U.S. companies in the four years from 1981 to 1984 paid no federal income tax or enjoyed a net rebate, according to a new study from Citizens for Tax Justice, a Washington-based pressure group. Page 6

Fresh debt worries send rand sharply lower

THE RAND fell steeply on South African exchange markets yesterday as new worries surfaced about the effectiveness of Sunday's four-month moratorium on debt repayments. In nervous trading it shed nearly 4 U.S. cents to U.S. cents 41.75.

Dealers said the main concern centred on the failure of the country's third-largest banking group, Nedbank, to obtain an exemption for its foreign offices to the moratorium. Other banks, including Volskas, Trustbank and French Bank, a subsidiary of France's Banque Indosuez, have obtained permission to operate normally abroad.

Earlier this week, the two smaller South African banks announced that they had been given central bank dispensation for their overseas branches to operate normally, but Nedbank said last night that to obtain such a dispensation a bank had to prove to the reserve bank that it had no foreign loans to repay over the next months.

It said that while Trust Bank and Volkskas might be able to prove that – or that their foreign loan commitments were very small – Nedbank clearly could not do so. "Because of the freeze, there is nothing that we can do," an official added.

However, the inability of Nedbank to operate normally in international financial markets has also caused the Bank of England to seek clarification from the South African Reserve Bank.

The UK authorities are understood to need assurances that the moratorium has no knock-on effect in other money market transactions unconnected with South Africa.

Before Nedbank clarification of its position abroad, its shares had fallen 14 per cent on the Johannesburg stock exchange to 1,100 cents. No comment was available from the reserve bank.

Foreign exchange dealers said that there was no discernible central bank intervention in the market yesterday when trading conditions were relatively quiet. The rand was depressed also by a weaker gold price and the renewed strength of the U.S. dollar against all currencies. Dealers said that, contrary to expectations, there was no evidence of U.S. selling of the rand after the reopening of the New York market after the holiday. The financial rand remained at around the 36.5 level, a discount of some 13 per cent below the commercial rand rate.

Share prices were steadier on the Johannesburg stock exchange despite the weaker gold price. At the close, 25 gold shares were easier, 11 firmer and nine unchanged and the JSE golds index slipped a further 5 points to close at 981.5 – down less than 1 per cent on the day.

The widely anticipated New York selling of golds failed to materialise but brokers noted significant sales from London of industrials in early trading. Nevertheless, the industrials index closed fractionally higher at 946.9 compared with 945.3 on Monday.

The South African Government meanwhile confirmed yesterday that Dr Gerhard de Kock, governor of the South African reserve bank, met Mr Paul Volcker, chairman of the U.S. Federal Reserve Board (FED) during his recent U.S. visit.

However, Dr de Kock's precise whereabouts were again unknown yesterday with U.S. commercial bankers, Fed officials and the South African consulate in New York once again denying knowledge of his itinerary.

The meeting between Dr de Kock and Mr Volcker was initially confirmed in South Africa by Mr Barends du Plessis, the South African Finance Minister, in an interview with CBS, and subsequently confirmed by the Fed in Washington. Dr de Kock, whose controversial visit to the U.S. has been shrouded in secrecy and confusion about his movements from the outset, informed the Fed chairman about measures imposed by South Africa on Sunday. No other details of the meeting were disclosed.

Striking miners dismissed, Page 3; Pretoria's minerals, Page 26

AUSTERITY THREATENS TAX YIELD

Manila may be forced to renegotiate with IMF

BY PETER MONTAGNON IN LONDON

THE PHILIPPINES will have to renegotiate budgetary targets agreed with the International Monetary Fund, "if it is to avoid real damage to the economy," Mr Cesar Virata, the Prime Minister, said yesterday.

Mr Virata said the Philippines was in compliance with IMF targets as of the end of July, but it would be difficult to meet the targets for the whole year. The country's budget deficit should be allowed to rise to between 1.5 and 1.6 per cent of GDP.

Uncertainty over that meant that he could still not be certain whether the IMF executive board would approve a further disbursement of the Philippines' SDR 615m ($637m) loan when it meets on September 25.

IMF insistence that the Philippines restrict its budget deficit to 0.9 per cent of gross domestic product left no room for essential investment in the country's infrastructure, Mr Virata said.

The tight monetary policy agreed with the IMF last year had led to overkill. Prices had risen by 0.8 per cent in the three months to July, but the economy was not growing at all and the Government's ability to raise tax and customs revenue had been ondermined.

"We are not collecting tax because business is so bad. We have the potential to collect more," Mr Virata said.

Failure by the IMF to disburse the next SDR 106m loan tranche to the Philippines might jeopardise a $10bn rescue agreed by the country's commercial bank creditors to help the Philippines to service its $25bn foreign debt. The IMF disbursement would trigger release of a $175m credit instalment by commercial banks.

Earlier, in a speech to a debt conference organised by Webster Communications, Mr Virata criticised the IMF and commercial banks for their handling of the debt crisis.

"Our budget spending is $60 per person. In developed countries it is $3,500 to $3,800 a year, so we start budget cuts with a very low base," he said.

Bank creditors had made matters worse by insisting on government guarantees for rescheduling private-sector debt. That was an added burden on the Government and made revival of the economy all the harder.

The Philippines was determined to privatise companies that had had to be nationalised because of foreclosure by lenders and had established a joint venture with the International Finance Corporation, an affiliate of the World Bank, to help with that.

Commenting on reports of a disagreement with the IMF and the Philippines over the future of the state sugar and coconut monopoly, Mr Virata said: "We have done enough to modify these structures."

Bonn faces tough talks on jobs crisis

By Peter Bruce in Bonn

WEST GERMAN Government, employers and trade union leaders will hold joint talks in Bonn tomorrow in an effort to agree on measures to cut the country's record-unemployment.

The talks, the first in eight years, are at the invitation of the Government, and are due to begin during the three-day debate on 1986 budget plans, starting today, which contain some modest measures to stimulate investment.

The Government is not expected to meet serious opposition to the budget, details of which were released in July, and which proposes an increase of just 2.4 per cent in spending, with the budget deficit being held to its 1985 level of DM 25bn ($8.8bn).

The talks with unions and employers, however, are likely to be mich more difficult. Unemployment, now running at a post-war record of 9 per cent, or 2.2m people, is Chancellor Helmut Kohl's most intractable political problem, and the unions themselves have planned a week of national demonstrations next month against government attempts so far to create new jobs and at what they claim are cuts in social spending.

An agreement, or at least an understanding, with the unions is important for the Government, which has already begun to prepare for the next general election in February 1987. Government worries will not have been soothed yesterday by forecasts by the Association of Public Banks, which said unemployment would probably not fall next year as much as the Government expects it to.

The association also said Government expectations of economic growth of 2.5 per cent this year were probably too high, and suggested 2 per cent as more likely.

Spy debate begins, Page 2; Employment summit, Page 16

Crisis in British trade unions as divisions widen

BY JOHN LLOYD, INDUSTRIAL EDITOR, IN BLACKPOOL

BRITAIN'S LABOUR movement was last night in deep crisis, split by two fundamental issues of principle on which no agreement or compromise seems in sight.

The Trades Union Congress has been committed to press n future Labour Government to reimburse all fines and other sequestrated monies to the National Union of Mineworkers (NUM) a move likely to be supported by Labour's conference. Mr Erich Hammond, general secretary of the electrican's union, EEPTU, warned of the establishment of a rival union centre if his union with the engineers was expelled from congress. He told the delegates: "You ain't seen nothing yet."

The engineering union, the AUEW, is threatened with suspension or expulsion for deciding to accept state aid to finance ballots – contrary to TUC policy. The EEPTU has supported the AUEW.

Mr Arthur Scargill, NUM president, revived in congress – meeting in Blackpool for its annual conference – enough of its once full-throated support for the miners to ensure the passage of a composite – by 4,649,000 votes to 4,585,000 – calling on a future Labour Government to reinstate dismissed miners and reimburse "all monies confiscated as a result of fines, sequestration and receivership."

Mr Neil Kinnock, Labour Party leader, was in Blackpool last night for dinner with the TUC general council. He immediately affirmed his independence of the vote. He said the TUC had not properly examined the practicalities of reimbursement and that he did not support the principle of retrospective legislation.

"My friendship with the TUC is firm and lasting – but that does not imply agreement with everything they do," he said.

Pressed on his attitude on the congress vote, he said: "I mean it would be difficult to put on a slice of bread and swallow it."

The vote on the composite had been won, against the most optimistic assumptions of Mr Scargill himself, through the abstention of several centre- and right-led unions, such as the teachers, university lecturers and bank staffs not affiliated to the Labour Party – who argued within their delegations that they were not competent to decide issues affecting labour. The delegates of the 350,000 strong, white-collar union, ASTMS, defied advice from Mr Clive Jenkins, its general secretary, and voted for the motion as did the centrist Confederation of Health Service Staffs.

It is a deep bitter defeat for Mr Norman Willis, TUC general secretary, who had gone so far in discussions with his general council colleagues as to suggest that his post could be at risk if the miners' motion succeeded. However, last night he simply said that "for whatever reason, that is the position that was taken and that is what the TUC will do."

The decision will do nothing to assist the healing of the wound within the NUM itself. Mr Roy Link, the Nottinghamshire Miners'

Continued on Page 16

French Socialist campers get ready to canvass

By David Housego in Paris

A HOT TENT under the blazing sun of the Midi in early September is an unlikely place to launch a campaign for a parliamentary election next March. But French tradition has it that the summer schools organised by the main political parties are also places where party leaders give keynote speeches intended to set the tone for their strategy for the coming year.

M Lionel Jospin, first secretary of the Socialist Party, was thus at Montpellier on Monday laying out for the young militants of his movement what he called the "political geography" of France at the beginning of this electoral period.

M Laurent Fabius, the Prime Minister, who has deliberately kept out of the public eye during the political squalls of the summer, is to make his much awaited return on television tonight.

As sketched out by M Jospin, the Socialists' tactics for the battle ahead seem clear. The Government will claim that its record is better than that of the right in bringing down inflation, reducing the balance of payments deficit and undertaking the long-term restructuring of the economy.

It hopes to scare voters with its picture of an extremist right attempting to outdo Mrs Margaret Thatcher and President Ronald Reagan in imposing deregulation and market-oriented economics on France.

It also needs to protect itself against a Communist Party which is sparing no effort to blacken the Socialists by forcing the Government to use the riot police to curb violent industrial protests provoked by the Communist-led CGT union.

M Jospin has plenty of experience in dealing with the Communists. President François Mitterrand once said of him that he was the only Socialist of whom he was sure, "that when the Communists bang on the table he won't seek cover underneath."

He reserved his harshest words for the Communists on Monday calling their attacks "destructive and negative" and warning that the Socialists would tarnish them in the public's eyes if they declined to let up.

But M Jospin's most difficult task will be to hold the Socialist Party together through what might be a period of humiliating electoral reverses and then to define its future policy and leadership should it move into opposition next year after the elections.

Continued on Page 16
UK link with Greenpeace sinking claimed, Page 2

Kleinwort Benson set to win Tokyo securities branch licence

BY DAVID LASCELLES, BANKING CORRESPONDENT, IN LONDON

JAPAN may grant Kleinwort Benson, the largest merchant banking group in the UK, a licence to open a securities branch in Tokyo within n few months.

Japanese authorities had been delaying the licence in response to the UK authorities' refusal to grant banking licences to their securites houses in London, creating much strain in UK-Japanese financial relations.

Mr Michael Hawkes, chairman of Kleinwort, said the Japanese had now said that they would issue a licence some time this autumn, providing Kleinwort can demonstrate that it has the capacity to run a securities business.

The group also announced a sharp increase in profits for the first half of this year, lifting for the first time some of the secrecy that normally shrouds UK merchant banks' interim results.

Those showed that Keinwort earned £28.4m ($39.1m) at the pre-tax level, compared with £44.5m in the whole of 1984. Most of the profit came from merchant banking operations. But the bank lost £624,000 on its newly acquired U.S. securities dealing business, mainly because of the collapse of two unauthorised government securities dealers in the spring. Since then, the business has returned to profit.

Intense competition in the bullion and international capital markets also reduced Kleinwort's earnings in those areas.

Mr Hawkes said he believed merchant banks should disclose more about their financial performance. But he doubted that Kleinwort would go so far as to reveal the size of its inner reserves, partly because that would "rock the boat" for other merchant banks that are keen to preserve secrecy.

The bank has also agreed to withdraw its controversial UK mortgage-linked loan scheme under pressure from the Bank of England.

Mr Hawkes said he had personally called on the Bank. "We reached amicable agreement that we should terminate the scheme," he said.

Kleinwort was offering short-term mortgages with the suggestion that the money could be used to finance the purchase of personal items such as boats. That contravened the Bank's guidelines, which are intended to discourage loans secured on a borrower's home in order to restrain the growth of cheap personal credit.

Lex, Page 16

CONTENTS

French renew claim of UK role in Greenpeace affair

THE FRENCH press is making new claims that the British secret service dealt its colleagues in the French foreign intelligence service (DGSE) an underhand card in helping to pin on them the blame for blowing up the Greenpeace boat, Rainbow Warrior, writes David Housego in Paris.

Tho allegations appeared in Le Monde last night in a front page article under the headline: "Greenpeace: the mysteries of London." They come in the wake of continuing accusations and innuendoes by French officials and newspapers that Britain had a part in implicating the French secret service. Even M Bernard Tricot, in a newspaper interview last week, implied that there was a dubious British role when he said: "I hope that I am not inventing a thriller when I say that somothing occurred which went beyond even the concerns of the DGSE."

Le Monde's claims are based on two pieces of testimony. The first is a declaration by an unnamed source in Britain "close to tho inquiry" that the conple arrested in New Zealand had long been known to the British secret service which tipped off New Zealand that they were on their way to Auckland. The couple have been revealed as French agents and are awaiting trial on charges relating to tho sinking of the boat.

The second piece of evidence is that the British police (and probably the secret service) were on the trail a month ago of the French agent who purchased the Zodiac inflatable boat found shortly after the sinking. Le Monde alleges that the Zodiac was bought by Gerald Andries, a French agent and part of the crew of the yacht Ouvea, which left Auckland shortly before the sinking. He was in London in May undor an alias and is said to have telephoned the DGSE.

The newspaper claims to know that the British police were on his trail a month ago because they were questioning the same taxi company about Andries' movements. Shortly afterwards, the Metro Radio Cab company says, it was questioned by New Zealand police.

Le Monde goes no further than to raise questions about why the Zodiac, made in France, should have been purchased in London and whether the British services have kept up a flow of information to New Zealand about the movement of French agents. But the questions are much the same as M Tricot's who said last week that it was "stupefying" that a French agent should have gone to London to purchase a Zodiac that could be bought anywhere and *that from there* he should have phoned the DGSE. The name of the agent was not publicly known at the time.

Herr Kohl (right) and Herr Genscher at yesterday's Bundestag debate

Bonn coalition defeats bid to unseat Zimmermann

BY OUR BONN STAFF

THE WEST GERMAN coalition yesterday defeated efforts by the opposition Social Democrats (SPD) and Greens to force the resignation of Herr Friedrich Zimmermann, the Intorior Minister, over his role in the defection to East Germany of Bonn's top counier-intelligence official, Herr Hans Joachim Tiedge.

The Bundestag voted 275 to 214 against an SPD motion calling on Chancellor Helmut Kohl to sack Herr Zimmermann, despite a furious attack by Herr Hans-Jochen Vogel, the SPD's porliomentary leoder.

Herr Vogel accused Herr Zimmermann of being "clueless" about counter-intelligence. The defection had seriously damagod international confidence in West Germany's ability to keep secrets, and the toleration of Herr Tiedge's drunkenness meant the country was being portrayed as a banana republic abroad.

He said Herr Zimmerman's claims not to bave known about Herr Tiedge's well-known drink, debt and emotional problems were highly improbable.

Herr Zimmermann, claiming be had handled the defection correctly once details of Herr Tiedge's drinking and debts were first given him on August 21, dismissed the charges as petty. He was oble not to answer most of the questions pnt to him, saying these could be answered in the secret parliamentary internal affairs committee

Herr Kohl made a brief statement, arguing that if o minister were forced to resign every time o spy was discovered in his or her domain, then East bloc intelligence services would be able to determine the shape of West German cabinets.

Nato chief urges West to extend search for agents

CASTEAU – U.S. General Bernard Rogers, the senior Nato commander *in Europe, said in Belgium yesterday* that Western nations must "push harder" to identify Warsaw Pact spies, AP reports.

The general appeared to be mildly critical of West Germany's failure to prevent the defection to East Germany of Herr Hans Joachim Tiedge, a senior counter-espionage official.

Herr Tiedge, who had been in charge of West German operations against East German agents, defected to East *Germany last month*. He had been known to have debts and alcohol-related problems before his disappearance.

Gen Rogers said the Nato allies must "watch very closely and take appropriate action (when) circumstantial evidence would indicate that the kind of life a person is leading might cause him to be vulnerable to being enticed to become an agent for the other side."

Gen Rogers said the West German spy scandal showed the Soviet *Union's* capability to infiltrate the intelligence systems of the West.

"What is disappointing to us is that our counter-intelligence systems... within our nations have not been able to identify these personnel before they have done serious damage to our systems," he said.

"Wa all have to ensure thet our counter-intelligence – national and *international – push harder in this* area."

Gen Rogers spoke at Supreme Headquarters Allied Powers Europe in Casteau after giving a briefing on Nato's annual autumn exercise that will take place throughout Western Europe in September and October.

FINANCIAL TIMES

Published by The Financial Times (Europe) Ltd., Frankfurt Branch, represented by E. Hugo, Frankfurt/Main, and, as members of the Board of Directors, F. Barlow, R.A.F. McClean, G.T.S. Damer, M.C. Gorman, D.E.P. Palmer, London. Printer: Frankfurter-Societäts-Druckerei-GmbH, Frankfurt/Main. Responsible editor: C.E.P. Smith, Frankfurt/Main. © The Financial Times Ltd, 1985.

FINANCIAL TIMES, USPS No. 190640, published daily except Sundays and holidays. U.S. subscription rates $365.00 per annum. Second class postage paid at New York, N.Y. and at additional mailing offices. POSTMASTER: send address changes to FINANCIAL TIMES, 14 East 60th Street, New York, N.Y. 10022.

Police stoned by immigrants

MARSEILLES police shot o man dead after a chase on Monday night, then came under attack from angry residents in an immigrant housing area, Reuter reports.

The police used tear-gas to disperse the stone-throwing residents, many of them Algerian immigrants, in a two-hour battle, M Pierre Somveille, Regional Prefect, said.

The dead man was one of a group who police said had attempted to rob a truck carrying electronics equipment. They said they cornered the men in a low-rent housing development and shots were exchanged.

Finland plans to cut tax

By Our Foreign Staff

FINLAND'S centre-left coalition Government said yesterday it would seek parliamentary approval to cut corporate profit taxes to 33 per cent from 43 per cent to help counter the economic decline expected in 1987.

For Finland's business community, this is the key element in the 1986 draft budget agreed yesterday. This also singles out education, social affairs, health, ogriculture and transport for further beavy government spending.

Planned expenditure of FM 100.7bn (£12.1bn), although 7.3 per cent above actual spending this year is about 2 per cent higher in real terms, officials said. Borrowing could rise slightly to obout FM 11.4bn.

The inflation target will be 4 per cent compared with a projected 5 per cent to 6 per cent for 1985. Unemployment is likely to edge up to 6.3 per cent from 6.1 per cent forecast for this year.

Kulikov still in command of Warsaw Pact

By David Buchan

MARSHAL VIKTOR KULIKOV has been identified in a regional Soviet newspaper report as Warsaw Pact commander-in-chief. It scotches widespread rumours that he had been replaced in that job by Marshal Nikolai Ogarkov, demoted a year ago as chief of the general staff.

The rumours of the Warsaw Pact command change were fuelled by the fact of a shake-up in top Soviet military posts in *July*, in which commanders of the nuclear missile force and of Soivet troops in East Germany and Czechoslovakia were replaced, and by other signs of Marshal Ogarkov's rehabilitation, including publication of a *book* by him. But an edition of an Armenian newspaper this weekend announced a visit to the republic by Marshal Kulikov and identified him still as the Pact's commander-in-chief.

Jaruzelski denial

Poland yesterday denied a U.S. claim that General Wojciech Jarulzelski, the Polish military leader, had been refused a meeting with President Ronald Reagan. Poland's government spokesman said no meeting had been requested with Mr Reagan. The general is due in New York for the UN Genoral Assembly later this month, his first visit abroad since the imposition of martial law in 1981.

Danish warning

Denmark's central bank governor, Mr Erik Hoffmeyer, said yesterday that tho Government should tighten fiscal policy in order to curb consumer demand "as soon as possible," writes Hilary Barnes in Copenhagen. His remark followed publication of the August foreign exchango figures which showed an outflow of *DKr 8.6bn (£606m)* taking the reserves to DKr 43.5bn.

Turk smuggling ring uncovered

POLICE in Switzerland have arrested seven people – three Swiss and four Italians – suspected of smuggling Turks from Italy *into* Switzerland, AP reports.

The seven, including one Swiss woman, were arrested "during the past few days," said a police spokesman from the Ticino canton (state) police.

The spokesman refused to say how many Turks the ring was believed to have smuggled across the border.

Danish foreign policy goes every which way but right

BY HILARY BARNES IN COPENHAGEN

DANISH foreign policy under the present Conservative-led minority coalition Government is causing serious concern to the Government itself, to its allies in Nato and the EEC, and, not least, to the country's ambassadors. They are saddled with the task of explaining policies which are not those of the Government they serve, but of the left-wing opposition in the Folketing (parliament).

The dilemma in which the Government of the Conservative, Liberal, Centre-Democratic and Christian People's parties finds itself has existed since tho coalition took office in the autumn of 1982. But the situation has not become any easier with time.

The most serious problems have arisen over Denmark's relationship with Nato. The logical consequence of policies adopted by tho largest opposition party, the Social Democrats, appears to be a gradual disengagement from Nato. The party's leaders deny that this is the intention, however.

Until they left office in 1982 the Social Democrats dominated postwar politics and have changed their policies since they were in office. The curious composition of the nine-party Folketing has enabled them to impose this new policy on the Government.

There is no clear majority of left or right in the Folketing, and this gives the liberal Radical Party, with 10 of the 179 seats, an opportunity to exploit its pivotal role. It has a long-standing neutralist and anti-military tradition, and supports the Prime Minister, Mr Poul Schlüter on economic issues. However, it votes with the left on defence and foreign policy. The left includes the Social Democrats, the Socialist People's Party and the Marxist-Leninist Left Socialist Party.

The Social Democrats, the biggest single party with 56 seats, have used the left-wing majority to pin the Government down on foreign policy issues through no less than 13 Folketing resolutions. Its policies are anathema to the Government and to Denmark's Western allies, but so far Mr Schlüter has given priority to getting the debt-burdened economy back on the rails (with some success).

The Government is anxious to avoid a show-down which, by opening up a permanent split between the Government parties and the Social Democrats on such crucial issues, could have damaging consequences.

One of Denmark's most senior diplomats said recently: "The frontier posts (of foreign policy) have been moved leftwards under the present Government. If they are moved any further left the consequences (for relations with the U.S. and our other allies) may be incalculable."

Danish Prime Minister Poul Schlüter: some support from radicals.

The three most prominent frontiers to have moved left are:

● Denmark opposed the deployment of Nato's intermediate range nuclear missiles, although the Social Democrats – then in office – had signed the 1979 Nato twin-track decision on which deployment was based. Denmark refused to pay part of its financial contribution to the joint Nato infrastructure programme associated with the missile programme. This was seen by the rest of Nato as an unacceptable breach of solidarity.

● Denmark opposed participation in U.S. President Ronald Reagan's Strategic Defence Initiative, and condemned the programme, the only Nato country to do so.

● The left-wing has committed the Government to "work actively" for the establishment of a Nordic nuclear-free zone, guaranteed by the super powers. The Nordic countries are *de facto* nuclear-free already, as Denmark and Norway decided in 1958 that they would not permit nuclear weapons on their territory in time of peace. If adopted by Denmark (and/or Norway) it would call into question Nato's and more specifically the UK, U.S. and West German commitments to reinforce Denmark.

The "peace movement" wing of the Social Democratic Party has already staked out the next positions for moving leftward. Party policy, as laid down by the party congress in the autumn of 1984, states that the party should "work actively to keep Denmark free of nuclear weapons in time of peace, crisis or war."

Mr Lasse Budtz, the party's parliamentary foreign affairs spokesman, said in August that "in my personal opinion" Denmark could accept a zone with o guarantee from the Soviet Union only if the U.S. refused to go along with the zone proposal. He was, however, called to order by party leader Anker Jörgensen, former Prime Minister, who issued a statement emphasising that the parliamentary party's policy is clearly based on a zone which has won acceptance from both superpowers.

If the Budtz wing of the party eventually carries the day (which is far from certain), the Social Democrats would for all practical purposes have aligned themselves with tho Socialist People's Party, which sees renunciation of the nuclear umbrella and abrogation of the reinforcement agreements with the UK and the U.S. and of the joint Danish-German Command Baltic Approaches arrangement (made in 1962) as the path to disengagement from Nato.

Nato loyalists argue that policy must still be dictated by the considerations which made Denmark abandon 200 years of neutrality in 1949, when it joined Nato.

This was spelled out recently by Professor Bjarne Nørretranders, a foreign policy expert who resigned from the Social Democratic Party because of its change of course. He said that because of its geographical position at the entrance to the Baltic, Denmark has to take sides "Otherwise, in the worst case, it could be overrun by one side, which feels it has to beat the other to it."

Diplomats from Nato countries have conveyed the same message to the Government over the past year. The Government has so far taken the line that it must sit out what it hopes is a temporary aberration in Social Democratic policy.

An *ad hoc committee* of the Folketing was set up last year to find common ground and to rebuild the pre-1982 consensus on foreign policy between the coalition parties and the Social Democrats. It appears to have made no progress.

As long as the left-wing majority does not force policies on the Government which directly threaten Nato membership, the Government clearly believes that discretion is the better part of valor.

Denmark's allies, and some of its diplomats, are not so sure. They are deeply concerned by the steps already taken to distance Denmark from its allies and fear that one step may all too easily lead to more.

The Danish diplomat left the following question hanging: "Is it possible to continue like this over a longer period without the Government making up its mind what it wants to do with its foreign policy?" In Washington, London and Bonn, an answer is awaited.

Bombings 'aimed at computers'

THE REVOLUTIONARY Cells, a *leftist terrorist group, claimed* responsibility yesterday for bomb attacks against two West German computer companies thet caused more than DM 4m ($7.4m) in damage, AP reports.

No injuries were reported in the blasts, which struck companies in two cities early on Monday. In letters received by three West German news organisations yesterday, the Revolutionary Cells said the attacks were aimed at computers "Because they are instruments of suppression used by the military and police," authorities said.

"There is no reason to believe the letters are not authentic," Herr Alexander Prechtel, a spokesman for the Federal Prosecutor's Office in Karlsruhe, said.

Herr Prechtel said the Revolutionary Cells had claimed responsibility for at least 12 bomb attacks since the beginning of the year.

The underground group has been active in West Germany since the late 1970s. Most of its attacks have been directed against Nato and industrial targets.

Security experts in Bonn say the organisation is made up of sympathisers of the Red Army Faction terrorist gang, another extreme leftist West German group.

The first bomb explosion occured on Monday at 3 a.m. in the Mathematical Advisory and Programme Service building in Dortmund, according to police. The explosion caused damage estimated at DM 1m.

Eighteen minutes later, a bomb blast rocked the building housing the Scientific Control Systems company in Hamburg, some 204 miles *north of Dortmund, police said.*

The Hamburg blast caused an estimated DM 3m worth of property damage.

A spokesman for the Dortmund company said his company had developed a computer programme for *the U.S. Army. A spokesman at the* Hamburg company said his company bad contracts with the West German Defence Ministry.

The Revolutionary Cells' letters were received by the WestDeutschen *Allgemeinen* newspaper in *Dortmund*, the Hamburg Abendblatt newspaper and a Hamburg news-agency.

● A suspected Basque separatist guerrilla was killed on Monday night when planting o bomb under a police car near San Sebastian, in Spain, Reuter reports.

The man, not immediately identified, *died when the bomb exploded.*

Militants of the Basque separatist guerrilla organisation ETA (Basque Homeland and Liberty) frequently attack police vehicles. ETA violence has this year claimed 28 lives in Spain, where the guerril*las are fighting to set up a separate* Basque state.

● A bomb exploded outside o district courthouse and jail early yesterday in the Swiss Jura, a region known for separatist conflict, causing considerable damage but injur*ing no one, AP reports from* Moutier.

A group calling itself "Second Revolutionary Faction of the Beliers" claimed responsibility

Tamil extremists kill police, politicians as peace plan pondered

BY MERVYN DE SILVA IN COLOMBO

TAMIL separatist guerillas hove killod seven policemen and two top Tamil politicians in o serious escalation of tho country's etbnic conflict.

A government spokesman said about 150 guerrillas had attacked o police station at Eravur in Eastern Province witb rocket propelled grenades, mortars, bombs ond machine guns on Monday night. Seven policemen were killed, 12 were wounded and ono was abducted.

Separoteiy guerrillas killed two former Tamil members of parliament, members of tho Tamii United Liberaiion Front (Tulf) after seizing them from thoir homes in the northern *Jaffna district*. The bullet-ridden bodies of Mr A. M. Alalasunderam and Mr Visvanather Dbarmalingam were found yesterday morning.

President Junius Jayewardene will discuss today with his Cabinet a new set of proposals on devolntion for Tamil areas that were drafted last week in New Delhi by his brother aud special envoy Mr Hector Jaywardena and senior Indian officials. Mr Rajiv Gandbi, the Indian Premier, has said that the new proposals were a "good basis" for a resumption of talks between the Sri Lanka Government and the Tamiis. The talks coliapsed in Tbimpu, the Bbutanese capital, last month.

The assassinations, on the ove of tho crucial Cabinet meeting, were widely interpreted as a clear warning by *the secessionist* Tamil Tigers to the Tulf not to agree to a resumption of talks even if the Sri Lanka Cabinet approves the new offer. *It falls far short* of the regional autonomy sought by the militants.

It is also o clear, if indirect, warning to the Indian Government whicb, though dissatisfied with Colombo's offer of limited devolution, is keon on a negotiated settlement ot least in order to meet the new and unexpected threot of political turmoil in Tamii Nadu. A Tamil stronghold, Tomii Nadu is the only southorn Indian state wbere Mr Gandhl can count on a *Congress* ally *in* office. The "Tigers," the most powerful of tho separotist guerrilla groups, evidently entertained foars that Tulf and perbaps some of the smaller militant groups would, under Indian pressure, agrec to tbe Sri Lankan offer.

Punjab election candidates to be given bodyguards

BY JOHN ELLIOTT IN CHANDIGARH

A MAJOR security operation is being launched in the Indian state of Punjab to protect candidates from assassination in the state election campaign, which formally starts tomorrow.

About 15,000 police and paromilitary forces bave been drafted into the state from other parts of India to protect candidates following the killing last month of Sant Harchand Singh Longowal, president of the Akali Dal, the Sikhs' main political party, by Sikh terrorists.

Tough action is also being taken against police officers for security lapses in connection with Sant Longowal's death. Normally officers are transferred to other jobs as punishment for such lapses bnt the Government is contemplating further action in an attempt to try to instil some discipline and efficiency into the country's notoriously lax security personnel.

"The problem is partly a lack of efficiency ond partly a lack of orientation," Mr Arjun Singh, Governor of Punjab, said in an interview yesterday. "You must know what yon are doing and realise you are protecting hoth a person and tha wellbeing of a nation." He said there was no evidence yet that police connived at Mr Longowal's assassination, although there have been reports recently in the Punjob of police links with extremists.

Asked about the chances of one or more candidotes in the elections being murdered by Sikh extremists, who oppose the settlement on the Punjab issue agreed last month between Mr Longowal and Mr Rajiv Gandhi, tho Indian Prime Minister, Mr Singb said: "An incident here or there I cannot rule out but they will not be able to disrupt the elections so thot they do not take place." Each candidate is to be protected by two security guards working on shifts round the clock.

Mr Longowal: murdored leader

The authorities are resigned to the likelihood that the election campaign—for 117 seats in tho Punjab State Assembly and seven seats in the national parliament—will be extremely tense. Clashes are regarded as almost inevitable between warring Sikh factions and possibly between Sikhs and Hindus.

The spectre of over 2,000 people being killed during elections in Assam early in 1983 is still fresh in people's minds. But the problem in Punjab is different, involving isolated terrorism rathor than mass violence. So the main aim is to stop hardline terrorists assassinating candidates ond so getting the election cancelled in the affected constituencies.

Mr Singb said he estimated there were now about 100 hard-core terrorists at large who would try to cause maximum disruption to uodermino tho election ond so strike o mojor blow at the attempts of Mr Gandhi to solve Inida's major problems.

Special security meosures involving the Indion army ore being taken on Punjob's long border with Pokistan. Mr Singh said that there was evidence of Sikhs going to Pakistan for training and of orms boing smuggled iolo Punjob. Thia was "a problem but is manageoble."

Afghan talks approach deal on key issues

BY MOHAMMED AFTAB, RECENTLY IN GENEVA

THE LATEST round of talks between Pakistan and Afghanistan, held last week in Geneva under United Nations auspices, appear at last to have made some progress. But agreement on the central issue of the withdrawal of some 110,000 *Soviet troops from Afghanistan*, is still nowhere in sight.

The so-called "proximity" talks between Pakistan and Afghanistan have been orchestrated by Mr Diego Cordovez, the UN negotiator, who shuttles between the two par*ties who sit in separate rooms* refusing to talk directly to each other. The latest round ended on August 30 and will resume for the sixth time since 1982 in mid-December.

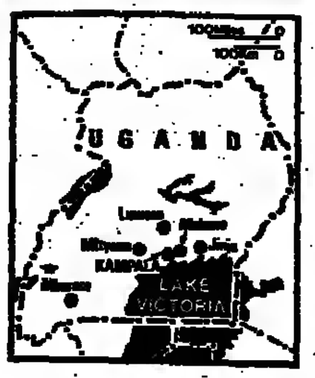
Pakistan hopes to be able to tackle the problem of the withdrawal of Soviet troops while there is a reasonable degree of understanding on the three other elements of the negotiations:

● Return of 4m Afghan refugees in Pakistan and Iran to their homeland.

● Provision of guarantees by superpowers to ensure that after the Soviets pull out, the agreement on Afghanistan will be fully implemented.

● There will be no interference or intervention in Afghanistan, which *means anti-Marxist guerrillas* will receive no aid.

OVERSEAS NEWS



Ugandans pray for peace talk compromise

By Catherine Bond in Mbarara, Uganda

TALKS considered crucial to Uganda's future are due to resume today in the Kenyan capital of Nairobi, between representatives from the Ugandan Government and Mr Yoweri Museveni's National Resistance Army (NRA), Uganda's largest guerrilla group.

Initial negotiations broke-off last week when Kenyan President Daniel Arap Moi, who is chairing the talks, ordered both parties to retire for "further consultations" among themselves. In Kampala, the Ugandan capital, members of the five-man government delegation have since expressed cautious optimism that with "give and take" on both sides, an agreement could be reeched.

However, the Government clearly has found the NRA's demands unacceptable. They want half the seats on Uganda's ruling military council, half of e new national army, and other, less specific, conditions. It is difficult to tell how far either the Government or the NRA will compromise for the sake of e peaceful settlement.

Mr Museveni's apparent indecision has steadily brought Uganda to its knees. Speculation over what this master of the art of suspense will eventually do, has grown redundant. Ugandans are merely fearful and confused.

Since the coup that toppled President Milton Obote on July 27, NRA guerrillas have emerged from the bush, where they fought an anti-government war for four and a half years. Areas which they occupy — most notably the west where they are still recruiting and training troops — have lapsed into tranquil anarchy, bereft of any real government control.

Reinforcements

The bulk of the NRA's forces (about 10,000 strong including women and children) now eppear to be concentreted in the Luwero triangle, north-west of Kampala, its traditional stronghold.

According to General Basilio Okello, chief of the defence forces and the man who led last month's coup, 400 of his troops in the Uganda National Liberation Army and NRA troops now happily "co-exist" et Mityana, 31 miles from Kampala.

In the south-west, however, government reinforcements recently arrived to replenish a battalion depleted by defections after two visits from the NRA.

UNLA soldiers who then roamed unarmed in Mbarara town, e possible "front line," now brandish new weapons and are back in full swing, demanding pay-offs et roadblocks. Fearing military conflict between UNLA and the NRA, townspeople are packing their goods and moving out.

Heavy gunfire

Heavy gunfire in Kampala last Saturday night suggest that UNLA soldiers were nervous despite an outward show of calm. The military council's actions have inspired little confidence: Ugandans are unhappy that it has accepted the return of up to 6,000 soldiers from Sudan who served the exiled Idi Amin.

The so-called "Amin soldiers" belong to the former Ugandan National Army and United National Rescue Front guerrilla movement, and the military council has made peace pacts with them and other fighting groups.

In the eyes of the military council, the NRA is the last obstacle in its path before Uganda embarks on a new start under its temporary guidance. But some observers believe that the NRA, which advocates a "complete change of system," will remain incompatible on every level with the Government as it stands.

The constraints which may push Mr Museveni towards a compromise are the NRA's lack of popular support or a military foothold in the north (although in the west and south-west and parts of central Uganda, a pro-Museveni momentum exists) and a general desire for a peaceful solution.

Nevertheless, the differences between the NRA and Uganda's military rulers go straight to the heart of the country's ever-troublesome, tribal divide between the northern, Nilotic Acholi, in power at present, and the mainly southern and western Bantu peoples who form the NRA's better disciplined troops.

The differences will have to be buried if a peaceful settlement is to be made. As the talks resume, most Ugandans will be praying for peace: in their opinion, it is Uganda's last chance.

South African mine companies sack strikers

BY ANTHONY ROBINSON IN JOHANNESBURG

SOUTH AFRICAN mining companies affected by the strike of black gold and coal miners yesterday started to dismiss striking workers. The National Union of Mineworkers (NUM) criticised "strong intimidatory action" by mine managements and Mr Cyril Ramaphosa, the union general secretary, sought a court ruling in Pretoria to prevent the dismissals.

Accounts of the strike have turned into a propaganda war between the mining houses and the union with both sides offering contrasting and widely differing views on the situation. Individual mines have been virtually sealed off from the public, but yesterday the strike seemed to be losing momentum.

The NUM claimed that Gold Fields of South Africa (GFSA) had dismissed 4,364 workers et its Deelkraal gold mine after what the company estimated as 75 per cent of the 7,100 workers ignored company warnings that they would be dismissed if the strike action continued for two consecutive shifts. The company said that only 50 workers had been paid off by mid-afternoon and said the union numbers were "hugely exaggerated." Work on GFSA's other six gold mines proceeded oormally, it added.

Gencor, the Afrikaner mining house, announced that it had dismissed 87 workers at its Beatrix gold mine following the strike by some 6,000 workers on Monday but that the strike at Beatrix and the Matla colliery had ended.

Strikes continued at the company's small Marievale gold mine but later Gencor announced that the afternoon shift had turned up for work at both the Transvaal Nevigation and Blinkpan collieries which had been strikebound since Sunday. The NUM could not confirm the collapse of the strike et the two mines but accused the company of having cut off all food and water and of using security guards firing rubber bullets and teargas to force strikers back to work.

The Anglovaal mining house said that it had dismissed 15 of its 14,000-strong workforce at the Hartebeestfontein gold mine which had been targeted for strike ection by the union which did not take place. The men were among 200 who failed to report for two consecutive shifts with the company claiming that the others were absent for reasons of normal absenteeism. The union disputed the company's figures and claimed that police firing rubber bullets and tear gas had forced workers down the mine where many were staging a go-slow.

Union claims that hundreds of workers have been injured have been countered by company claims that the bulk of workers, who face dismissal end repatriation to distant homelands or foreign countries if they take part in the strikes, are satisfied by the companies existing pay and conditions packages and have been intimidated by small groups of unioo activists into taking strike action.

Gold analysts and a special labour monitoring group set up by labour specialists from Witwatersrand University believe that mine managements have decided to use the mine security forces to clamp down swiftly on union activists, dismissing and isolating them from the bulk of the non-unionised labour force on these mines.

Army and police units yesterday sealed off the approach roads leading to the eight townships of the Vaal triangle around Vereeniging south of Johannesburg on the first anniversary of the violent protests against rent increases which left over 80 dead and sparked off an almost continual violence around the country.

Planned commemoration services were banned by the commissiooer of police last week under the terms of the emergency regulations and there were oo reports of incidents in the townships.

But the enforced calm in the Vaal Triangle contrasted with continuing violence in the Coloured and black townships around Cape Town where over 29 people were arrested yesterday following running fights with the police in several townships, the stoning of vehicles and the erectioo of barricades across roads. Continuing violence over the last two weeks in the Western Cape bas caused 27 deaths and led to 259 arrests.

The start of the violence also coincided with the introduction of the new constitution with its tri-cameral parliament and separate bouses for whites, Coloureds and Asians. In a speech et Bloemfontein Mr Jan Steyn, ebairman of the Urban Foundation, said that decision makers at the bighest level of Government and the community at large had failed to realise the depth of black resentment

Employment and incomes decline

BY TONY HAWKINS IN JOHANNESBURG

BOTH employment and average real wages in the South African economy have fallen over the past year, according to official statistics published bere. The figures sbow a fall of 67,000 jobs between the third quarter of 1984 and March 1985 with most of the losses—some 32,000 jobs—taking place in manufacturing. Total employment, excluding agriculture and private domestic service fell from 5.027m in September 1984 to 4.98m in the first quarter of 1985. The bulk of the lay-offs affected black workers where employment fell by 56,000 jobs to 2.77m.

In the non-agricultural sectors of the South African economy, total employment rose 1.4 per cent last year, but fell et a seasonally edjusted rate of 2.2 per cent in the first quarter of 1985. In mid-1985, the number of registered unemployed whites, coloured and Asians was 85,080—more than dooble the 29,350 recorded a year previously. Black unemployment, expressed as a ratio of the economically active black population rose from 7.8 per ceot in January 1984 to 8.2 per cent in April this year.

In real terms, average wages outside agriculture rose 0.4 per cent in 1983 accelerating to e growth rate of 3.7 per cent last year, but this was followed by e 2.7 per cent decline in the first quarter of 1985.

The latest figures show an everage real wage in the South African economy of Rand 715 monthly (£216) in March 1985. The average wage for whites was Rand 1,455 a mooth and for blacks Rand 382 a monh. In real terms, average wages fell 1.5 per cent in the year to March 1985.

Japan's budget plans include increase in defence spending

BY CARLA RAPOPORT IN TOKYO

JAPAN'S Ministry of Finance is considering budget requests for fiscal 1986 totalling ebout Y56,390bn (£170bn) which would amount to e 7.4 per ceot increase in government spending if approved. Most of the increase, however, would go to loterest payments on government borrowings.

After debt servicing and local tax grants, funds available for implementing governmeot policy would be Y33,060bn, up just 1.5 per cent over fiscal 1985.

MORE OVERSEAS NEWS ON PAGE 6

The appropriation reqnests include measures which will push more of the burden for Japan's government bealth scheme onto its users, partieularly the elderly. It would also result in a 5 per cent increase in the Japanese National Railways fares.

Appropriations for defence, bowever, include a 7 per eent increase io spending to more than Y3,300bn, covering the purchase of Patriot ground-to-air missiles, more F-15 fighter planes and P-3C antisubmarine controls.

It remained unclear yesterday whether the proposed iocrease in defence spending would push Japao over the long-established ceiliog of 1 per cent of GNP. This will depend on salary and pensioo agreements, yet to be decided. The issue remains a highly politicised ooe both within and outside the ruling Liberal-Democratic Party, with many top politieians remaining publicly undecided on the issne.

Four cabioet ministers yesterday agreed oo the need to spell out an aggregate sum of defenee expenditures for the oext five years and abolish the 1 per cent ceiling simultaneously within this month.

The four are Mr Takao Fujinami, Chief Cabinet Secretary, Foreign Minister Shintaro Abe, Mr Noboru Takeshita, the Finance Mioister, and Mr Koichi Kato, the Defence Agency director.

Japan's Finance Ministry, which will begin screening the requests early next week, plans to prescot a budget of about Y54,000bn by the end of this year, with the amount for general expenditure cut down to the fiscal 1985 level of Y32,085bn.

Peacock challenged by deputy

By Michael Thompson-Noel in Sydney

The leader of Australia's Opposition Liberal Party, Mr Andrew Peacock, faces a showdown with his deputy, Mr John Howard, tomorrow when the party leadership and deputy leadership will be declared vacant.

Mr Peacock has forced the move because Mr Howard—the Federal Treasurer in Mr Malcolm Fraser's former coalition government—refused to pledge categorically that he would not challenge for the leadership before Australia's next general election.

There were fears last night that Mr Peacock had overplayed his hand, for Mr Howard is one of the most

Mr Andrew Peacock

respected Liberals and has a high standing with business leaders.

The row is playing into the hands of Mr Bob Hawke's Labor Government, which is glad of any respite from its own leadership problems.

"I expect to be returned as leader, and I expect a new deputy leader," said Mr Peacock.

Mr Howard said he had contributed to a major revival in Liberal fortunes, and that his loyalty could not be questioned.

Australian judge jailed for 18 months

By Our Sydney Correspondent

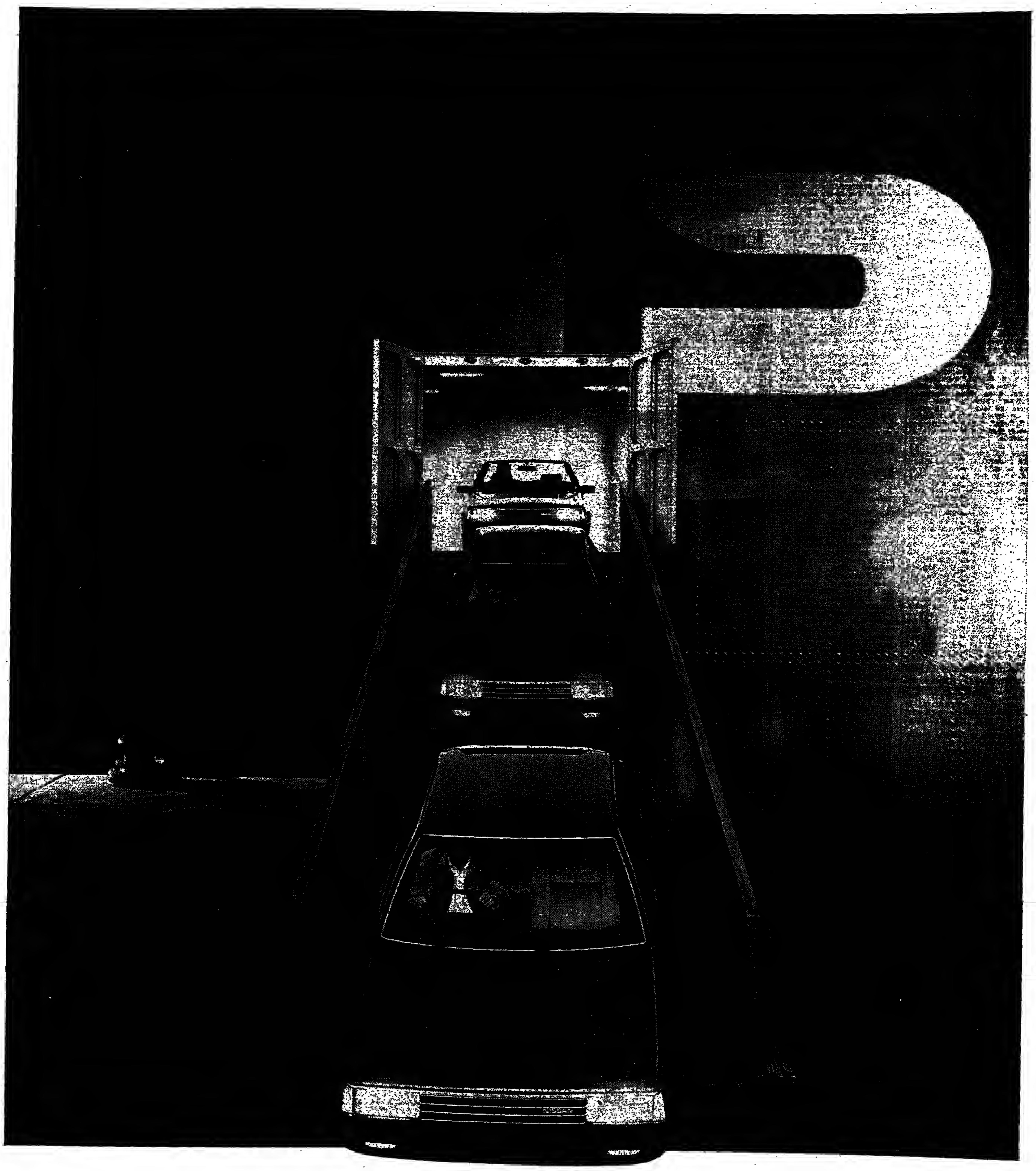
Mr Justice Lionel Murphy, Australia's third most senior High Court judge, was yesterday sentenced to 18 months imprisonment for attempting to pervert the course of justice.

"I am innocent, and I am confident I will be cleared of this remaining charge," said the judge outside the courtroom. An appeal will now be launched. The judge said he would not stand down from the High Court.

Mr Murphy, 63, was a former Labor senator and former Federal Attorney General.

At the close of one of Australia's most controversial trials, the judge was found guilty on July 5 of attempting to influence a magistrate's hearing of committal proceedings against a Sydney solicitor charged with forgery and conspiracy. The judge firmly denied the charge.

Sentencing Mr Murphy, Mr Justice Henry Cantor of the New South Wales Supreme Court, said the crime "had adversely affected and raised doubts as to the integrity and standing of every judge in this country."



OVERSEAS NEWS

Israeli reservist dies after stabbing

By Walter Ellis in Tel Aviv

AN ISRAELI army reservist died yesterday and another was injured after being stabbed in the Casba area of Hebron. Immediately after the stabbing, the centre of the city was sealed off by the army and 20 Arabs were detained.

The predominantly Arab city, south of Jerusalem, has been at the centre of a dispute between the Labour and Likud factions in the Israeli cabinet over attempts by Jewish settlers to occupy e house in the Casba.

Seven Likud bloc MPs squatted in a Casba apartment last month and were only moved out by the army following the intervention of Mr Yitzhak Rabin, the Labour Defence Minister. Bad feeling between local Arabs and Jewish settlers has intensified as a result of the occupation.

The number of Palestinian Araba held under detention orders has now reached 55, some of whom face deportation.

Violence against Israeli soldiers in the West Bank region bas risen appreciably in recent weeks. Mr Shimon Peres, the Prime Minister, and other members of the Cabinet are increasingly ettributing the trend to the ability of the Palestine Liberatinn Organisation to coordinate resistance activities in the area from improved headquarters in Jordan.

Yesterday, Mr Peres told Mr Ed Nijpels, the Dutch Liberal leader, in Jerusalem, that Mr Yassir Arafat, the PLO leader, was being "foolish and dangerous to himself." He was making it very difficult for King *Hussein to allow him* to continue to use Jordan as a base. But the King wanted peace and would know bow to deal with Mr Arafat's moves.

Warnings to Jordan to hold the PLO in check have been stepped up with the West Bank attacks. Mr Rabin said last week that there was no evidence that King Hussein was giving terrorists freedom of action. Nevertheless, he added, the day might come when the King would no longer be able to control them.

Mr Rabin also observed that, while the West Bank military government was highly sensitive of the need to avoid collective punishments following a terrorist incident, that sensitivity had been blunted by recent attacks.

Gadaffi denies mass expulsions forced by economic pressure

BY TONY WALKER IN TRIPOLI

COL MUAMMER GADAFFI, the Libyan leader, has dismissed claims that the reason for the expulsion of thousands of guest workers from Libya is economic, insisting instead that it is part of an attempt to encourage *Libyan self-reliance.*

Speaking at e "People's Congress" in Sabha, an oasis town in central Libya, Col Gadaffi described the expulsions, which bave caused serious tensions with neighbouring Tunis and Egypt, es "political."

No official figures are evailabla of the numbers of mainly Egyptians and Tunisians who have been obliged to leave Libya in recent months, but it is known to run into tens of thousands. The expulsions arise from policy decisions several years ago to reduce numbers of guest workers in Libya. In 1983, the peak year, they accounted for some 300,000 to 350,000, or abont 45 per cent of the work force.

Col Gadaffi, in speeches marking the 16th anniversary of his coming to power in e bloodless coup, has stressed the need for Libyans to work harder and accept austerity. He has given notice that imports will be further squeezed.

"Flooding the local market with imports means wa are going in the wrong directicn and exhausting our reserves of foreign currency."

Gnest workers' remittances have been a substantial drain on Libya's foreign exchange reserves. In 1983, it is estimated that remittances from Libya totalled some $2bn (£1.45bn). That figure was believed to be down to $1bn in 1984 with the reduction of numbers of foreign workers by about 100,000. It is estimated that some 30,000 Tunisians and perhaps as many as 100,000 Egyptians, including families, have left Libya in the past 12 months.

The rate of departures has recently accelerated. Libya has experienced a sharp drop in its oil revenues since the early 1980s, wben earnings exceeded $20bn. Oil revenues this year are expected to total about $8bn.

There are believed to be some 150,000 guest workers remaining in Libya.

● President Hosni Mubarak of Egypt said yesterday that Libya would pay e high price for its expulsion of thousands of Egyptian and Tunisian workers, Renter reports from Cairo.

'No evidence' Saudis cutting price, say oil majors

BY ROGER MATTHEWS

LEADING WESTERN oil companies said yesterday that there was no evidence to support news agency reports that Sandi Arabia had, in effect, egreed to sell crude at below the official Opec price of $28 a barrel for Arabian Light.

Sheikh Ahmed Zaki Yamani, the Sandi Arabian Oil Minister, is said to have given assurances last month that bis Government would not take any individual action on pricing before the next meeting of the Organisation of Petroleum Exporting Countries scheduled for October.

However with Saudi production believed to be running at little over 2m barrels a day, speculation has intensified that the Kingdom was becoming increasingly anxious at tha consequent draw-down in foreign reserves, thought to be running at $1.5-$2bn a month.

Market rumours yesterday suggested that Saudi Arabia had recently signed deals with international oil companies on "netback" agreements whereby crude is priced on the refined value of the products, minus the cost of transport and refininig. This could result in Saudi light oil being priced in certain markets at some $3 a barrel below the official selling price.

The spot market price for Arabian light yesterday in Rotterdam was firmer at $27.85 a barrel.

Industry executives speculated yesterday that the sale of a proportion of the oil currently kept in floating stock could have provoked the idea that Saudi Arabia was abandoning its hitherto strict adherence to the $28 marker price.

AMERICAN NEWS

Construction spending rises 1.2% in July

By Stewart Fleming in Washington

MIXED signals on the recent performance of the U.S. economy persisted yesterday when the Commerce Department reported that construction spending rose an encouraging 1.2 per cent during July, but revised down its June estimate to show a decline of 0.6 per cent instead of a rise of 0.7 per cent over tha month.

The latest data only added to confusion about tha economic outlook. Over the weekend the National Association of Purchasing Managers, whose monthly business survey is closely followed as an indicator of short term trends in industry, issued e report suggesting thet in August the economy continued to elump.

On Friday a 0.4 per cent rise in the Commerce Department's index of leading economic indicators and a sharp decline in the U.S. trade deficit to $10.5bn (£7.6bn) was initially interpreted in the financial markets as indieating a modest rebound in the economy.

The production managers' survey, which is based on reports from 250 industrial companies, said that for the third consecutive month new orders were flat in August, that inventories increased with indications that the rise was involuntary, and that for the ninth consecutive month a majority of managars, reported that prices were lower rather than higher. Reports of actual production in August improved but the survey suggests this may reflect the re-opening of plants which had been shut down in July.

Bolivia strike leaders to meet

STRIKES spread across Bolivia yesterday as the powerful Labour Confederation prepared to meet to study calls for an indefinite general strike in protest at tough economic *measures against five-figure* inflation, Reuter reports from La Paz.

The country's miners and workers in Cochabamba, Bolivia's second most populated province, were joined yesterday by factory, oil and transport workers in La Paz and other departments in 24-hour, two-day or open-ended stoppages.

Senators find Gorbachev meeting 'helpful'

BY PATRICK COCKBURN IN MOSCOW

THE Soviet Union will table proposals for radical cuts in offensive nuclear missiles the day after the U.S. agrees to discuss steps to limit the militarisation of space, Mr Mikhail Gorbachev, tha Soviet leader, told a delegation of senior American senators yesterday.

He also stressed that the atmospbere between the super powers needed to improve if anything is to emerge from the summit meeting with President Reagan in Geneva in November. *Mr Gorbachev said* in an interview in the current issue of Time magazine that relations between Moscow and Washington have detariorated in the last two months.

The Senate delegation was cletarly impressed by Mr Gorbachev'e personality. Senator Robert Byrd, the Senate minority leader, and leader of the delegation, described tha Soviet leader as "articulate, tough, able, serious and very much wishing thet the dialogue begin and the rhatoric be reduced."

Senator Strom Thurmond, e strong Conservative, said that yesterday'e meeting was "helpful, productive and could open the door of opportunity for the summit."

Mr Gorbachev repeated his view to the senators yesterday that the Strategic Defence Initiative—the so-called Star Wars—undermines any limitation on nuclear weapons and makes arms control redundant. He implied that the Soviet Union would countenance pure research into star wars but that anything outside a laboratory was against the 1972 anti-ballistic missile treaty.

In his interview with Tima magazine Mr Gorbachev said that implementation of the 1972 treaty by both sides can be verified since satellites can now read "car number plates from space."

Senator Sam Nunn, a specialist in nuclear disarmament, said after the meeting that Mr Gorbachev seemed more flexibla on the precise definition of research into star wars. President Reagan's opposition is thet the U.S. bas not gone past the research etaga in star wars and therefore bas not broken the 1972 ABM treaty.

Stewart Fleming adds from Washington: The White House yesterday struck a positive note in its first official response to the remarks made by Mr Gorbachev in tha Time magazine interview, saying that President Reagan is prepared to submit "serious proposals" at their November summit meeting.

But White House spokesman Mr Larry Speakes adroitly turned the tables on the Soviet leader, whose first formal interview in the Western news media has been seen as a public relations coup. "We are pleased," Mr Speakes told reporters yesterday, "that Mr Gorbachev was able to present his views to the American public. If President Reagan had e comparable opportunity to present his viewe to the Soviet people through the Soviet media this would doubtless improve our dialogue and indicate Soviet willingness to accept e degree of reciprocity in an important aspect of our relations."

Mr Speakes' remarks betray the continuing concern in Washington over the prospects for the forthcoming summit. Although some observers maintain that Mr Gorbachev will find it difficult in Geneva to influence the Western media strongly, not least because of language problems (bc reportedly displayed no knowledge of English in bis interview with Time reporters), there are fears that the U.S. has more to lose than to gain at the summit.

Tax changes 'help business shelter profits'. **Terry Dodsworth** reports

Study finds 50 companies paid no tax

IN THE four years from 1981 to 1984, 50 of the top U.S. companies paid no federal income tax at all or enjoyed a net rebate, while at least 129 paid nothing for at least one year out of the four.

These conclusions are reached in a new study (Corporate Taxpayers and Corporate Freeloaders) from Citizens for Tax Justice, a Washington-based pressure group which has been a prominent opponent of President Reagan's tax reforms since 1981. Changes in the tax law at thet time made it easier for U.S. companies to ebelter profits from taxation through increased depreciation allowances and new investment tax credits.

The report, while not exhaustive, covers 275 American corporations which generated profits of $400bn (£291bn) in 1981-84—more than a third of the nation's total adjusted pre-tax corporate profits in the period.

Figures in the study, based upon published annual reports, show that there was a wide disparity between the tax records of different industries and evan between companies within an individual sector.

Disregarding these differences, however, the average effective rata of the 275 companies—tha rate actually paid—came out at only 15 per cent over the four years. This compares with the statutory corporate tax rate of 46 per cent.

Among industry groups, the report finds that the airlines and *financial companies in its* study enjoyed significant rebates over the four year period, while textiles (33.5 per cent) and tobacco (36.2 per cent) were taxed the most heevily.

The figures also support the case of the computer and office equipment industry, which has argued strongly it is not helped by the present system of corporate taxation, although it is ona of the high-growth sectors of the economy. Companies in this area were taxed at an everage rate of 24.3 per cent over the four years.

Out of 25 different sectors analysed in the study, companies in 14 paid out less than 20 per cent of their profits in tax, while eight groups paid under 10 per cent.

Among individual companies, the report identifies seven that have enjoyed net tax rebates over the four years of more than $100m each. Boeing, the world's leading aircraft manufacturer, received tax rebates of $285m, it says, followed by Dow Chemical, with e rebate of $180m and ITT, which received $178m.

> Among individual companies, the report identifies seven that have enjoyed net tax rebates over the four years of more than $100m each.

General Electric, which had headed the refund tables from 1981 to 1983, paid what the report calls a "small amount" of taxes in 1984—$185m—but remained e net non-taxpayer over the four years with total refunds of $98m.

Tha big defence contractors have also been only lightly taxed since 1981, with the top 12 defence contractors enjoying an effective tax rate of only 6.3 per cent despite the surge in their profits resulting from the arms build-up. Five of these companies—General Dynamics, General Electric, Lockheed, Boeing and Grumman, paid nothing at all or received outright refunds, according to the study.

A few companies, however, are paying close to the statutory rate. The study says that nine out of the 275 corporations it analysed had effective tax rates of more than 40 per cent in the four years, led by two textile groups, VF Corporation (44.7 per cent) and Interco (43.7 per cent), followed by Whirlpool (42.4 per cent), the washing machine company, and Ralston Purina (42.1 per cent), the foods group.

The study, written partly as a polemic, charges that these differences between sectors and individual companies amounts to a "back-door version of an industrial policy." The tax system has a distorting impact, it says, with the result that "the flow of capital shifts in favour of those industries which have been most successful in the political marketplace in Wesbington DC."

It also argues that corporate tax loopholes have caused "serious damage" to the economy, have not generated the increase in capital spending for which they were designed and bave contributed to the government deficit, thus driving up the value of the dollar and damaging U.S. industry's competitive position.

"One of the cruel ironies of the past two years is that a good part of the increased capital spending associated with the recovery from the 1981-82 recession has benefited overseas equipment and machinery suppliers," tha report adds.

WORLD TRADE NEWS

Low-cost textile nations warned on free trade

BY STEVEN B. BUTLER IN SEOUL

LEADERS of the world's low-cost textile producing countries were warned yesterday it would be dangerous to seek a complete ending to protectionism in the West when the Multi-Fibre Arrangement (MFA). expires in July 1986.

Mr M. G. Mathur, deputy director general of the Gatt, the General Agreement on Tariffs and Trade, told a meeting of developing countries bere that a premature insistance on completely free trade in textiles and clothing next year could lead to an intensification of protectionist pressures in the U.S.

"Many of you could be led to consider thet the continuation *fo a multilateral framework* for the regulation of trade in textiles and clothing, even if it involves a derogetion from Gatt principles, may be preferable to the risk of unilaterally imposed restrictions," be said.

This is the strongest indication so far that Gatt will tacitly back the continuation of the MFA, which governs some 20 per cent of world trade in textiles and clothing, next July.

Mr Mathur said that textile *liberalisation could* not be isolated from other efforts to fight protectionism, thus bringing Gatt and the West into line.

Britain, in particular, and the EEC in general, have urged that textile liberalisation must be seen within the context of a review of Gatt itself

"A broader process of liberalisation in textiles and clothing through a return to Gatt rules is more likely to be achieved as part of a broader process of negotiations directed towards these ends," he commented.

Backing for the Gatt line came from Mr Kum Jin-Ho, South Korea's minister of trade and industry, who stated that the conditions of the past could not be simply recreated.

"Rather, we must move *towards our goal one step* at a time, taking into account the changed circumstances of the 1980s."

Mr Kum'a apparent acceptance of the inevitability of MFA renewal in some form was not shared by all delegates.

Mr Muktar Masood, leader of the Pakistani delagation, said that after a quarter of a century of restrictions it was "time to call it a day. We have given ample opportunity to all countries for necessary structural adjustments," he stated.

Swedes set for SKr 945m Japanese iron-ore deal

BY DAVID BROWN IN STOCKHOLM

LKAB, the Swedish state-owned iron-ore mining group, is poised to conclude a long-term supply and delivery contract worth about SKr 945m (£83m) with Mitusi Iron Ore of Japan.

LKAB is to deliver 1m tonnes of ore a year over a four-and a-half year period, starting in October, to Mitsui, which is acting on behalf of a consortium of Japanese steel mills.

It will receive some SKr 675m for 800,000 tonnes of low phosphorus ore and 200,000 tonnes of blast furnace pellets annually.

The group is also responsible for delivering the ore to Japanese ports for which it is to receive a further SKr 270m. Negotiations are now under way with several shipping companies to aecure transport.

The deal is based on Japanese market prices and subject to *annual re-negotiation.* The profit margins are lower than contracts in Europe which soak up the bulk of LKAB'a 19m-tonne annual production. However, it secures e sales outlat in the event of a slump in ore demand.

"We have no intention of significantly increasing our sales to Japan," a spokesman said. "Wc see it as a way of spreading our risks."

LKAB won the contract in competition against two Australian and three Brazilian suppliers. Formal signing is expected to take place shortly.

The group nearly doubled its profits last year to SKr 539m on 26 per cent higher sales of SKr 3.34bn.

Thai bus contract battle at crucial point

By Chris Sherwell, South East Asia Correspondent

A BRITISH consortium led by Leyland Bus has entered the most delicate phase of its protracted battle to win a valuable £385m contract to revitalise the debt-ridden public bus system in Bangkok, capital of Thailand.

The deal, promising ona of the biggest export orders ever concluded by a British manufacturer, has been discussed in detail with the Thai Government since May.

It is likely to come up when Mrs Margaret Thatcher, the British Prime Minister, meets Thailand's Premier Prem Tinsulanonda at Downing Street later this month.

Under the plan, the consortium linking Leyland Bus and the National Bus Company will supply 4,000 buses to the Bangkok Mass Transit Authority (BMTA), construct 24 bus depots, reorganise BMTA's management and bring it back into profit.

The British Government has stepped in with a £20m aid offer in support of the deal, and over the past four months the project has been scrutinised for flaws by different government departments and several international competitors.

Complications

A special committee of the Ministry of Finance and the National Economic and Social Development Board (NESDB), set up by the Cabinet last month to study the Leyland plan, was due to report back by last weekend but appears to face delay.

This is becaue of complications arising from a wide-ranging Bangkok transport study by Halcrow Fox, commissioned by the NESDB and submitted in July.

The report, financed by the World Bank, suggests a cutback in the BMTA project and tha "privatisation" of certain bus routes.

The British consortium says the suggestions are a matter of government policy not spelled out in the original terms for the contract. Although the group could accommodete such changes, the present deal would plainly be derailed if bids were to be called again instead.

GONZALEZ STARTS FAR EAST TRIP TODAY

Madrid woos Tokyo and Peking

BY DAVID WHITE IN MADRID

OPENINGS FOR Spanish medium-technology companies in China and Japanese high-technology investments in Spain provide the main commercial facets of an 11-day Far Eastern visit by Sr Felipe Gonzalez, Spanish Prime Minister, beginning in Peking today.

Apart from his new Foreign Minister, Sr Francisco Fernandez Ordonez, Sr Gonzalez is also taking with him to Peking a team of 32 industrialists and bankers involved in potential Chinese projects, with interests ranging from oil and telephones to confectionery and fashion.

The team includes Sr Miguel Boyer, the former Economy and Finance Minister, who was recently made chairman of Banco Exterior, the state-controlled export bank.

The trip is expected to seal three Chinese contracts worth et least $340m (£242m) all due to be signed by the end of the year.

These comprise an oil refinery in Fujian Province, in which Spain's participation, led by Technicas Reunidas and Centunion, is estimated at more than $300m, a citrus fruit processing plant in Zhejiang Province involving the Spanish company Emex and worth about $13m, and a 400,000-tonne capacity cement project in Liaoning with Asland, the leading Spanish cement producer, worth $25m.

Between 30 and 40 per cent of these contracts are to be financed by 30-year loans at 2 per cent, the most advantageous Spain has ever granted to e foreign country, and the remainder by normal export credits.

In addition, the Spanish civil engineering group Dragados y Construcciones is hoping for a $150m-plus contract for the new Shanghai Airport project.

Joint ventures are under discussion in a variety of other fields including jewellery and baby foods, and further co-operation is being mooted in steel, petrochemicals, energy, telecommunications construction and coalmining.

Spain also hopes to sell military vehicles to the Chinese.

Spain's exports to China, while still relatively small, have accelerated this year, surpassing in the first half the 1984 total of $188m, already almost 75 per cent up on 1983.

They consist mainly of steel, zinc and synthetic fibres. Spain's imports from China last year totalled $114m.

By contrast in Japan, where Sr Gonzalez is due to arrive on September 10, Spanish exports have dropped this year after rising over 20 per cent in 1984 to $367m—a figure dwarfed by Japan's sales to Spain of $882m.

Spain is hoping to gain from the recent liberalisation of Japan'e imports. On the other hand, the Japanese will be pressing for Spain to reduce its limits on the entry of Japanese products ranging from cars to guitars.

Emphasis will be given to potential Japanese investment projects in Spain in electronics and other sectors to coincide with Spain's joining the EEC next year.

Spain has attracted Japanese industrial investment worth more than $200m in manufacturing subsidiaries and joint ventures.

Tha bid to woo more Japanese partners was the main aim of a recent visit by *Sr Jordi* Jujol, head of the Catalan Regional Government.

Link-ups between Japanese and Spanish companies on contracts in developing countries will also be discussed, on the lines of chemical and energy projects already undertaken in *Morocco, Algeria* and Indonesia.

Sr Felipe Gonzalez

W. Germans optimistic on Leipzig Fair prospects

BY LESLIE COLITT IN LEIPZIG

THE OPTIMISM of the major West German companies at the giant Leipzig biannual East-*West trade fair stands in stark* contrast to the gloom of many other western groups which see few signs of their lacklustre exports to tha German Democratic Republic improving.

The West German'a mood is underscored by e 17 per cent surge in deliveries to East Germany in the first half of this year, compared with the same period last year. West Germany sold DM 4.08bn (£1bn) to East Germany and bought DM 3.9bn, a 2 per cent decline.

Exports by other EEC countries to East Germany, however, continued to fall, leading to complaints that trade with East Germany bas become one-way.

Austria, however, often in co-operation with West German companies has steadily boosted sales to East Germany especially in the plant and equipment sectors.

The fair has been wholly unaffeeted by the major spy scandal in West Germany.

The mood *was captured* by Herr Franz-Josef Strauss, head of tha conservative CSU in Bavaria who conferred with East Germany's leader, Herr Erich Honecker, in Leipzig ebout boosting East-West German trada well above the DM 16bn level expected this year.

Although the next five-year plan, beginning in January, *will not be unveiled for several* months, East Germany is busily sounding out Western companiee about possible major purchases.

Hoechst Chemicals of Frankfurt, which did DM 250m of business with East Germany last year, hopes to obtain e healthy share of the contracts for Uhde, its engineering subsidiary.

East Germany is expected to concentrate on modernising its *chemicals industry* to produce more fine chemicals and fewer low-value bulk products.

Hoechst, Bayer, BASF and other West German prodncers profited from a 21 per cent increase, to DM 725.6m, in East German purchases of chemicals from West Germany in the first half of this year.

Dr Helmnt Giesecke, representative in Leipzig of the West German Chamber of Industry and Trade (DIHT), said East Germany's increase in consumar goods purchases from West Germany indicated the Government wished further to improve domestic supply in time for next April's Communist Party Congress in East Berlin.

Bonn likely to discuss S. Africa export cover

BY JOHN DAVIES IN FRANKFURT

A BONN inter-ministerial committee is expected today to discuss export credit insurance *coverage on West Germany's* exports to South Africa.

The coverage on exports to South Africa is already regarded as restrictive, in view of a cautious line taken in Bonn in recent years about the risks involved. Officials indicated thet a change in policy appeared unlikely.

The topic is expected to come up at a meeting to discuss various aspects of West Germany'e export credit insurance business, carried out on tha Government's behalf through the Hermes insurance company.

The Economics Ministry yesterday denied that Hermes had halted all export credit insurance coverage on South *African deals.*

Officials pointed out thet the moratorium imposed by South Africa on debt repayments did not apply to repayment of export credit guaranteed by foreign governments. Hermes therefore was not directly affected by the South African Government's emergency measures.

West Germany is one of South Africa's most important trading partners. Tha Wast Germans *exported goods* worth DM 6.6bn (£1.65bn) to South Africa last year, mainly motor vehicles, machinery and electrical engineering products.

Renault denies Honda link

BY PAUL BETTS IN PARIS

RENAULT, the French State-owned car group, firmly denied yesterday that it was about to *start industrial* tie-up negotiations with Honda Motors of Japan.

The French car group said it "firmly denied" reports from Japan suggesting that it was about to enter into serious negotiations over possible industrial collaboration with Honda.

The French group bas, in the past months beld talks with Japanese manufacturers over possibile collaboration in the car components sector.

But so far, Renault has insisted it has no plans for broader industrial collaboration with Japanese car groups.

French expect to add to U.S. subway order

By Paul Betts

FRANCO-RAIL, the French railway engineering consortium controlled by the private Jeumont-Schneider group, expects to win additional orders for between 200-250 subway carriages for the New York subway between now and 1987.

The French consortium ie now supplying the New York subway with 225 carriages which are dne to be delivered by thc end of this year as part of a $200m (£142m) contract signed in 1982.

The New York subway authority bas indicated it is interested in taking up an option to order more carriages from the French group.

Under U.S. Government fiscal incentives, the New York transit authority can benefit from special tax breaks on orders of new equipment supplied before 1987, the French group said yesterday.

Although the options could involve as many as 400 additional carriages worth ebout FFr 900,000 (£75,000) each, officials et Jeaumont-Schnaider, the engineering and telecommunications subsidiary of tha French Empein-Schnaider conglomerate, indicated that the figure was likely to be in the 200-250 range.

UK NEWS

North Sea oil orders predicted to rise during next decade

BY DOMINIC LAWSON

MORE THAN £40bn will be spent by the international oil industry in the UK sector of the North Sea during the next decade, according to a report published yesterday by the Scottish Development Agency (SDA).

The SDA predicts that North Sea expenditure, in 1984 prices, will average £3.6bn a year from 1985 to 1995 with orders peaking at more than £4bn in 1993, an increase of almost 25 per cent on current levels. During the past five years North Sea orders have averaged about £2.5bn a year.

The report says the number of workers employed offshore by the oil companies will rise steadily from the current level of 28,000 to 33,000 in 1990 and a peak of 43,000 in 1995.

Dr George Mathewson, chief executive of the SDA, said yesterday the figures "prove quite conclusively we are on the threshold of a new wave of North Sea opportunities.

"These are arising from new technological demand and the market itself will be large enough to sustain increased competition. There is still tremendous potential for existing and new suppliers entering the market."

Dr Mathewson added that the main purpose of the exercise was to make Scottish-based companies more aware of the business possibilities in the North Sea.

The estimates presented in the report are based on a computer model developed by the SDA which provides a comprehensive breakdown of the various technology sectors within the North Sea oil and gas business.

These show that, within an average annual growth rate in real terms of 3 per cent in North Sea expenditure during the next decade, some sectors will grow rapidly while others will decline.

With the trend towards smaller and more marginally economic North Sea fields spending on platform fabrication, project management and design engineering will fall. Orders for production platforms are expected to amount to £433m in 1995 compared with this year's anticipated figure of £756m.

Similarly, as most of the planned major North Sea trunk lines are in place, annual orders for subsea pipelines will fall from 1984's level of £169m to £87m this year, dwindling to only £36m in 1995.

A key area for future growth is subsea work as many of the future smaller fields are likely to be developed without fixed platforms, using subsea completions instead.

The SDA predicts that orders for diving and underwater services will expand from £94m to £150m in 1990 and a record £217m in 1995.

A second major growth area will be maintenance as the actual number of North Sea fields in production is set to increase. The SDA believes orders for maintenance work will amount to £112m in 1985 and almost double to £218 m by 1995.

The SDA predictions are based on discussions with the major North Sea operators and on recent surveys on future North Sea developments carried out by the Grampian Regional Council and by Wood Mackenzie, the stockbrokers.

These development forecasts suggest that, on average, about five to six new North Sea oil and gas developments will come on stream every year between now and 1995.

The SDA has not analysed the number of onshore jobs that will be created by the second wave of North Sea developments, but Mr Charles Woods, the SDA's offshore industries executive, said yesterday he was "optimistic" about the future North Sea-related onshore job prospects.

UK Sector North Sea Oil and Gas Spend Estimates 1985–1995, Scottish Development Agency, 16 Albert Street, Aberdeen AB1 1XQ.

New Cabinet team sees job creation as priority

BY ALAN PIKE, INDUSTRIAL CORRESPONDENT

RADICAL changes in the character of the Department of Employment are signalled by the appointment of Lord Young as Secretary of State in this week's Cabinet reshuffle.

Lord Young, spending his first day in his new office yesterday, said the decision to incorporate his former enterprise and deregulation units and responsibility for small firms in the Department of Employment represented a new stage in its evolution from the days of the old Ministry of Labour.

"Recently, it has been a Department of Industrial Relations. The industrial relations legislation introduced by my predecessors is now on the back-burner and must be given time to take effect.

"But the department has been ill-fitted to operate as a Department of Employment because it has not had the tools. Bringing responsibilities like deregulation and small firms into the department will equip it to promote enterprise."

One of the first responsibilities of the Department of Employment in its expanded role will be to produce a second policy document on business deregulation as a sequel to Lifting the Burden, published in July.

The new document will appear by next spring. It will form part of a continuing, step-by-step drive to eliminate regulations and controls which the Government regards as an unnecessary barrier to business development and job creation.

However, the new Employment Secretary was cautious about whether he might also have further deregulation of individual employment legislation in mind. The Government has taken a few steps in this direction such as its removal of young people under 21 from the protection of wages councils – for which it has been variously criticised for doing too little and too much.

"I hear differing views about employment protection legislation," said Lord Young. "Some employers say it inhibits them from taking on staff, but other people take alternative views. I approach the subject with an open mind."

Lord Young, chairman of the Manpower Services Commission (MSC) from 1982–84, now finds himself the Minister to whom the MSC is answerable. He says he will resist the temptation offered by this previous experience of becoming over-involved in MSC activities.

But he is anxious that the MSC drive to reform industrial training should receive powerful support at government level. Although no firm plans have yet been developed, new initiatives to improve co-ordination between the various elements of the education and training system are likely to be another early priority for the expanded Department of Employment.

"One of my immediate worries is that there still seems to be misunderstanding about the Youth Training Scheme. It is not a means of making the unemployment figures look better. It is about providing a better-skilled workforce in the future."

"We have to learn that it is not only people in high-tech jobs who need good training. A lot of jobs in the future will be low-tech – like many of those that are developing in tourism – but to do them properly people still need to be trained."

Lord Young rejects the suggestion that he has been appointed to his new post to get the unemployment figures down, preferring to say it is his responsibility to get employment up by creating the right conditions for job growth.

But his appointment – accompanied by a strong team including the rare presence of a second Cabinet Minister, Mr Kenneth Clarke, who will answer for the department in the Commons – reflects the seriousness with which the Government regards the need to tackle unemployment by the next General Election.

"Our opponents say we should increase employment by spending more money. But there is nowhere in Europe which has shown that this is the right way. People create jobs, not governments, and we have to continue with our attempts to produce the conditions in which jobs will grow."

Spending boom lifts consumer debts to record £18.2bn

BY MAX WILKINSON, ECONOMICS CORRESPONDENT

BRITISH consumers are running up increasingly higher debts in spending sprees which continue to outstrip their earnings.

Latest official figures out yesterday showed hire purchase and other consumer credit rose sharply in July to a new record of £18.2bn. This was 15½ per cent higher than consumers' debts a year earlier.

New loans to consumers have been running at about £1bn a month since the beginning of this year. The figure in July was £1.13bn. About two thirds of this was advanced by finance houses for hire purchase and the remaining third was credit granted by retailers.

As a result, outstanding consumer debts are now 8 per cent more in real terms than a year ago. The real value of the debt has risen by 50 per cent since the end of 1981. This is far faster than the rise in shop sales which increased by around 15 per cent in the period.

Separate figures from the Department of Trade and Industry yesterday showed retail sales in the three months to July were 2 per cent higher in volume terms than in the previous three months. This recent boost to business followed a rather sluggish period between autumn last year and the early months of 1985.

Shops selling clothing and footwear and goods other than those used in the house have done particularly well recently, with a rise of 3 per cent in volume terms for the latest three months (compared with the previous three-month period).

The buoyancy of consumer sales is an important ingredient in the economic recovery as it moves towards the end of its fifth year.

However, the fact that much of the spending is being financed by borrowing does highlight the Bank of England's more general anxieties about the growth of bank credit and its failure to control the broadly defined money supply this year.

In the 12 months to July, real take-home earnings rose by about 1½ per cent, while the volume of retail sales increased by 4½ per cent.

This gap between spending and earning seems to have been filled to a large extent by consumer borrowing. In past years governments have often tightened hire purchase restrictions when they thought the economy was "overheating" with risks of a balance of payments and sterling crisis.

The present government, however, has been content to allow specialist consumer credit to be regulated by market forces partly because it believes in the principle of deregulation and partly because North Sea oil has kept the trade account in healthy surplus.

Railmen to reconsider policy on productivity

DELEGATES to next week's special conference of the National Union of Railwaymen (NUR) will be urged to change the union's policy to allow negotiations with British Rail on productivity changes.

The executive committee of the NUR decided after a three-hour meeting in Blackpool yesterday to recommend the policy change. This follows the vote last week by guards against national industrial action over driver-only train operation.

The executive said negotiations should be conducted on the premise – though not precondition – of reinstatement of the 245 guards who remain dismissed for taking unofficial action in Glasgow, South Wales and Humberside.

Mr Jimmy Knapp, the NUR's general secretary, said: "If conference next week adopts this recommendation, we will negotiate, but only on the basis that negotiations will include reinstatement."

☐ HILTON MINING, a Lancashire-based engineering company, announced plans to take over the former Firestone factory at Wrexham, North Wales, for the manufacture of fabricated steel arch segmental supports used in the mining and civil engineering industries.

The £2.1m investment project, supported by the European Coal and Steel Community and National Coal Board Enterprises, will create 200 jobs.

☐ THE TV LICENCE fee was the only appropriate way of financing a public service organisation such as the BBC, the Broadcasting and Entertainment Trades Alliance, which represents most UK broadcasting staff other than writers and performers, told the Peacock committee inquiring into the possibility of introducing advertising on television.

☐ BRITISH Airways plans to cut standby fares from Heathrow airport, London, to all its U.S. destinations by up to £30, subject to UK Government approval, reducing the one-way fare to New York from £179 to £149.

☐ EARLY repeal of the Official Secrets Act has been urged by the National Consumer Council, the Government watchdog on consumer affairs.

Novelist chosen to give Tories a 'touch of style'

BY IVOR OWEN AND PETER RIDDELL

MR JEFFREY ARCHER, the backbench Tory MP who left the House of Commons when he found himself on the verge of bankruptcy and made a fortune by becoming a best-selling author, yesterday became deputy chairman of the Conservative Party.

His appointment – made by the Prime Minister the day after her Cabinet reshuffle – was announced by Mr Norman Tebbit the former Trade and Industry Secretary, on his first public appearance at Conservative Central Office as the new party chairman.

Mr Tebbit indicated that one of Mr Archer's primary tasks would be to undertake a morale-raising tour of the constituencies and bring a "touch of dash and style" to the party organisation.

Mr Archer's appointment completes his public rehabilitation after his remarkable rebound of the past 11 years.

The man and his story are what might be expected of his best-selling novels – showing pace and pursuit of success, plus an abundance of self-promotion.

He was elected to parliament, in 1969 when he was less than 30. His financial problems, caused by the collapse of a Canadian investment, forced him out of parliament in 1974, he soon wrote a novel – Not a Penny More, Not a Penny Less – based on his own experience.

In the last few years he has been anxious to get back into politics, recently speaking to a large number of local Tory parties. He has also been actively cultivating Conservative leaders offering to help. His new role as deputy chairman will be primarily as a "communicator" to encourage local Tory parties.

Mr Tebbit yesterday disclosed that he will be going into hospital early next year for what he called "a small bit of repair work" resulting from the injuries he suffered when Brighton's Grand Hotel was bombed by the IRA during the Conservative conference last October.

He said: "It will not interfere in the running of the party or anything like that. I will choose to do it at a time when politics are quiet."

It became clear yesterday that Mr Richard Luce, who has succeeded Earl Gowrie as Minister for the Arts, will have a major responsibility for the Civil Service in his role as Minister of State at the Privy Council Office.

Precise lines of demarcation have yet to be established with the Treasury, which will retain control over finance in the Civil Service, with running costs continuing to be the determining factor.

Mr Leon Brittan, the former Home Secretary who is the new Trade and Industry Secretary, will accompany the Prime Minister when she meets business leaders, headed by Sir James Cleminson, president of the Confederation of British Industry, on Thursday of next week.

The allocation of responsibilities to junior ministers in the Department of Trade and Industry is likely to result in Mr Michael Howard, the newly appointed Under Secretary, being asked to concentrate on corporate affairs.

Paint prices expected to show big increases

BY ANDREW TAYLOR

BIG RISES in paint prices seem likely during the next few months. Crown Paint, one of Britain's largest paint manufacturers, said yesterday it shortly expected to put up its prices by 7 to 8 per cent with further increases likely early next year.

The move comes amid warnings from the paint industry that prices would need to rise by up to 15 per cent to offset sharp increases in raw material costs.

Mr Michael Levete, director of the Paintmakers' Association, representing more than 90 per cent of the industry, said a significant minority of the association's members were trading at a loss. Prices needed to rise by between 12 and 15 per cent in the next six months to return profits to acceptable levels, he said.

"Prices of titanium dioxide, alone, have risen by 36 per cent during the past 18 months," said Mr Levete. Titanium dioxide, white pigment, occurs in about 75 per cent of all decorative paints and accounts for about 10 per cent of manufacturer's raw material costs.

The Paintmakers' Association said: "Other items, like vegetable oils and solvents, have also soared in price. Refined linseed oil alkali, for example, rose 42 per cent in price between June 1984 and June this year."

Printing ink manufacturers have also warned of the need for substantial price rises to offset sharply increasing raw material costs, including titanium dioxide.

The are three main suppliers of titanium dioxide in the UK: Tioxide, a British company jointly owned by Cookson and ICI; SCM, a U.S. company on the receiving end of an unwelcome bid from Hanson Trust, and National Lead, another U.S. company.

Mr David Callow, international marketing manager of Tioxide, says prices are recovering after remaining static for most of the early 1980s. "Plant closures have reduced over-capacity and companies are also passing on increased costs of raw material and new investment."

It is the speed at which raw material prices are rising which has caught the paint industry flat-footed. Mr Peter Burns, chairman of Crown Paint, said yesterday his company was absorbing its fourth rise in a year in the price of titanium dioxide.

UK NEWS

Thatcher stresses need for industrial change

BY ARTHUR SMITH, MIDLANDS CORRESPONDENT

THE SUCCESS of engineering was the key to Britain's *future* prosperity, Mrs Margaret Thatcher, the British Prime Minister, said in Birmingham yesterday.

"If business is to survive and flourish, engineers have to design and create tomorrow's products for *today*," *she told* delegates representing 300,000 engineers.

She said her presence at the *first* national assembly organised by the Engineering Council was a demonstration of her Government's commitment to the industry.

The council, set up by the Government three years ago with the support of the 51 professional engineering institutions, staged the first of its annual conferences to get grass root opinions on the directions the industry should *move*.

Mrs Thatcher stressed the importance of the entrepreneur and a free-enterprise system in which the Government had e limited role.

Industry had to be hungry for business and create its own opportunities in the market place, she said. Engineers had an important task in keeping British industries a step ahead of the competition.

Mrs Thatcher said no century had seen more change than this one and the next would probably see even more: "Our forefathers rose to the challenge of change and we must do it in our time. We must be ready to anticipate change and use *it to our advantage*."

She attacked pundits who spoke only of hi-tech industries and said industry could not be put into compartments. Some of the biggest customers of hi-tech were manufacturing industries while the service sector was a big buyer of manufactured goods.

Mrs Thatcher pointed to the constraints the Government was removing from industry. The ending of the National Insurance surcharge had been taken in preference to a cut in personal taxation. "I hope we did the right thing going the way we did to help you create more jobs."

She stressed the challenge to the Government of creating jobs. "Quack remedies are peddled on all sides."

Mrs Thatcher said the Government would stick to its prudent financial policies which had brought inflation down and would bring it down further, giving incentives to industry so new businesses would continue to emerge and thrive.

IBA tries to revive satellite TV project

By Raymond Snoddy

THE INDEPENDENT Broadcasting Authority (IBA) yesterday began a search for organisations willing to try to resurrect a British direct broadcasting by satellite (*DBS*) project.

The IBA is looking for groups prepared to run one or more extra channels of television from space direct to individual receiving dishes on consumers' homes.

After studying the level of interest, the authority will advise Mr Douglas Hurd, the new Home Secretary, on the prospects for British DBS by the end of the year.

Three of the five DBS channels allocated to the UK under international *agreement would* be available to any IBA regulated project.

A previous attempt to launch a DBS venture costing between £500m–£600m collapsed in June. *The members of the consortium* – the BBC, the ITV companies and five non-broadcasting organisations – decided the project was too risky.

Apart from doubts about the size *of the market*, the *consortium* believed that the British manufactured satellite system on which the Government insisted was too expensive.

The Government is *now* clearly prepared to be more flexible in the hope of attracting interest.

"It is assumed that there would be freedom to consider proposals from *suppliers* either in this country or overseas," the IBA guidelines state. This should open the way to Britsat, a British company offering American satellites.

After the failure of the DBS consortium earlier this year, it is not clear whether any significant organisations will be interested. However, Mr Robert Maxwell, publisher *of the Mirror newspaper*, plans to invest in the company which will run the French DBS satellite TDF 1.

Pilots urge full-scale review of commercial aircraft safety

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

PILOTS' organisations based in the UK and internationally, are supporting suggestions for improvements to airline safety regulations, after the Manchester air disaster in which 54 people died out of 136 passengers and crew.

The British Air Line Pilots' Association (Balpa) representing more than 3,000 UK pilots, has written to Mr John Dent, chairman of the Civil Aviation Authority, calling for a full-scale review of aircraft emergency evacuation procedures.

It is supported by the International Federation of Air Line Pilots' Associations (Ifalpa), which says it has been campaigning for more *than 15 years for the improvements* to reduce deaths in allegedly "survivable" accidents.

The International Transport Workers' Federation (ITWF) has also expressed concern at the situation, especially over plans by some airlines, including British Airways, to reduce emergency exits on Boeing 747 jets.

In response to a recent letter from the ITWF, Mr Donald Engen, administrator of the *U.S. Federal Aviation Administration* (FAA), admitted his own and the FAA's concern at the need for changes in the regulations.

The current regulations provide for an aircraft to be evacuated within 90 seconds from half the available emergency exits.

But the pilots, workers and other bodies are arguing strongly that such regulations are unrealistic, with the tests on which they are based taking no account of problems created by smoke, fire, darkness, fear, injury, panic and obstructions such as unnecessary *hand baggage littering cabins*, and restrictive seating arrangements.

Balpa is calling for tests to check whether current regulations are adequate, and whether reducing passenger *loads*, widening aisles and increasing exits would help passengers reach safety more quickly in the event of fire.

The international pilots' body Ifalpa supports this view. In a statement this week, Ifalpa said: "The present scale of air transport operations, and the level of technology and information now available, make it imperative that changes are effected in such areas as emergency evacuation, and cabin interior materials requirements, which currently permit many deaths to occur in otherwise 'survivable' accidents."

A major U.S. conference on air *safety* opened in Seattle yesterday *at which many of these issues* are expected to be discussed.

● *British Caledonian Airways* (BCAL) has acquired from American Airlines for an undisclosed sum the latter's extensive pilot-training centre at Crawley, near Gatwick Airport.

Set up in 1981, the centre has already trained 8,000 pilots and flight engineers for many airlines worldwide, on its extensive range of flight simulators for such aircraft as McDonnell Douglas DC-10 and Boeing 737-200s.

Futures contract 'unattractive'

BY MAGGIE URRY

THE FUTURES contract based on the Financial Times-SE 100-share index has proved a failure so far, according to Mr Richard Verin of James Capel, the stockbrokers. The contract has been traded on the London International Financial Futures Exchange (Liffe) since May 1984.

The market lacked three conditions necessary to make it an attractive instrument to institutional investors, he said at a meeting of the Options and Futures Society.

First, there is a lack of liquidity with only around 300 to 350 contracts traded each day representing an underlying value of around £10m. This was too small for investors to be able to deal in sufficient size.

There is also a shortage of people prepared to act as "locals" – trading actively in the market for a quick profit and thus providing liquidity.

Second, the market is not confident that the level of the index is accurate. The index is calculated using the prices on the stock exchange Topic screens – prices which are not necessarily dealing prices.

Third, Mr Verin said, the index did not closely track investors portfolios which made it an inflexible instrument for hedging. The index was heavily weighted towards a few large stocks while many fund managers held a range of smaller stocks.

Mr Verin believed, however, that the contract could be very successful in two years time if liquidity improves and the "Big Bang" removes some of the structural constraints.

Directors may back EMS membership

BY PHILIP STEPHENS

THE INSTITUTE of Directors is considering *supporting industrial* and other lobby groups in favour of full British membership of the European Monetary System.

In a letter to Sir Geoffrey Howe, the Foreign Secretary, the Institute says that its is reviewing the case *for taking sterling* into the EMS exchange rate mechanism.

Its policy in the past has been that the Government should keep an open mind on the subject, but that *circumstances have not so far* favoured such a move.

The letter, however, suggests that there is a strong case for full British membership *if it accelerates* progress towards the creation of a single European currency.

Sir John Hoskyns, the Institute's director-general, says that membership would not be a "soft option" and in certain circumstances could lead to higher and more volatile interest rates.

He adds, however, that by joining Britain might persuade West Germany *to drop its objections to the* development of the European currency unit.

UK NEWS

City attacked for 'failure' on innovation funding

BY CHRISTOPHER LORENZ, MANAGEMENT EDITOR

BRITISH industry's need to pursue continuous innovation in technology and product design is being hampered by the paucity of City of London investors willing to take a long view and lend "patient money," according to a report published yesterday.

"The positive relationship between *financial performance* and innovativeness has tended to be ignored by financial investors in the City, who often look just to short-term balance-sheet profitability" claimed Dr Roy Rothwell and Paul Gardiner of the Science Policy Research Unit at the University of Sussex.

Accusing many companies of adopting an increasingly short-term "cash-flow view" of product development, the report argues that, as German and Japanese investors recognise, "a good performance in innovation goes hand-in-hand with a good financial performance in the long term."

Just as institutional investors take considerable care to review the financial balance sheets of companies in which they wish to invest, say Rothwell and Gardiner, so they should analyse their technological expertise and readiness to innovate. "Technology and product design do not stand still; continuous innovation is necessary if manufacturers are to keep up with changing market needs and with the ability

Sir Terence Beckett: calling for a change of attitude

of their competitors to meet those needs."

The Sussex report, entitled "Innovation – a study of the problems and benefits of innovation" was released to coincide with last night's opening of an Innovation Centre on the premises of the Design Council in central London. As an addition to the council's long-standing Design Centre, and its programme of exhibitions of well-designed products, the Innovation Centre will display a rapidly changing range of inventive British products, from fashionable clothes to high technology.

Commenting on the opening of the centre, Sir Terence Beckett, director general of the Confederation of British Industry, the employers' organisation, complained that many UK companies had failed to innovate in order to keep up with, or ahead of, their competition. As a result the UK had a trade deficit in manufactured goods for the first time for 200 years.

Sir Terence blamed this problem on Britain's cultural heritage, its preference towards science rather than engineering, and on "the desire of our financial institutions for quick returns on their investments." A change of attitude was necessary, but would be difficult to create.

The CBI itself was trying to bring home to its members "the crucial importance of innovation to their future well-being," but the main responsibility was on companies themselves. "British companies can no longer regard innovation as a one-off event separate from the rest of business. Innovation should be treated as an integral part of company strategy."

In their report, Rothwell and Gardiner point out that Britain's deteriorating visible trade performance extends to low, medium and high-technology products. The situation can only be reversed, they claim, "by corporate innovation policies to improve the price and non-price characteristics of manufactured products and processes."

Free of charge from The Innovation Centre, Design Council, 28 Haymarket, London SW1Y 4SU.

Management, Page 12

Scottish bank to sell car insurance

By David Lascelles

ROYAL BANK of Scotland, the first UK bank to enter the insurance underwriting business, yesterday launched a nationwide service of motor insurance.

The highly computerised service is called Direct Line Insurance, and aims to offer competitive rates by cutting out brokers. A motorist calls up the bank's new insurance centre in Croydon and gives details to an operator who enters the information on a computer. The computer comes up with an instant quote. If the motorist accepts it, the full policy is automatically printed out and posted that night. Payment is by credit card or direct debit.

Mr Sid Procter, the chairman of Royal Bank of Scotland Group Insurance Company, said the system, under development for more than a year, had eliminated almost all paperwork. The resulting cost advantage gave the bank confidence it could operate profitably in a market where established insurers have been under severe pressure in recent years.

The new company, which cost £1m to set up, is backed by £20m of capital and marks a further stage on the Royal Bank's efforts to broaden the range of its financial services. Within the next couple of months the company will also begin to offer credit insurance.

BP plant's strategy to thrive

Few people expected that BP Chemicals' factory at Barry, South Wales, would survive rationalisations three years ago. But now it is in profit and there is cautious optimism. Robin Reeves reports.

THREE YEARS ago, the outlook looked bleak for BP Chemicals' plastics factory in Barry, South Wales.

The site's main business, the manufacture of polyvinyl chloride (PVC) resins and compounds, had just been handed over to ICI. A large, recently completed PVC plant and 110 BP Chemicals personnel were also handed over as part of a radical rationalisation deal between the two chemicals groups.

Three other PVC plants at the site were in the process of being closed and about 600 workers made redundant, bringing the cut in the workforce to 1,000 or two thirds in two years.

Mr John Baxter, BP Barry's general manager, recalls: "Few people thought that we would survive, certainly not the workforce and probably not the main board." Financial losses were at least £12m on a turnover of about £75m.

Further retrenchment did indeed follow. In 1983, polyester resin production was also abandoned and the order book sold to Freeman Chemicals, reducing the payroll further. Research staff were transferred to Grangemouth in Scotland.

Today, however, the mood at BP Barry is one of cautious optimism. There is even talk of expansion. The site has not only restored profitability to those chemical products which survived the cuts, earning a profit of 5 per cent on sales of about £28m, but it is developing others to broaden its technological and marketing base.

Industrial relations have been placed on a new, Japanese-style footing. Mr Baxter emphasises that the change was not management-inspired but came about after a ballot of the workforce, in response to a long-standing request from the site's craftsmen for staff status. The result was overwhelmingly in favour.

From the beginning of this year, manual workers at BP Barry surrendered trade union negotiation of their wages and conditions in favour of staff status and membership of a works council, in which everyone meets to discuss the plant's problems and opportunities.

Meanwhile ICI – which undertook to run the PVC facility, now known as its Barry Corvic plant, for three years – recently showed satisfaction with its acquisition by deciding to invest £1m in a boiler house to make the plant independent of BP steam supplies.

Although the PVC market remains plagued by overcapacity and the Barry plant is not ideally located from the point of view of either ICI's raw-material supplies or big customers, it remains among the two most modern such plants in Europe.

Mr Phil Roberts, the local plant manager, says the application of ICI's PVC technology to the BP-designed plant has produced significant production cost savings, which the boiler will enhance further.

For BP in Barry, the loss of PVC and polyester production left it with four basic products: nitrile (synthetic) rubbers; phenolic resins; phenolic foam; and friction dust, which is used in brake linings, disc pads and clutch facings.

The survival strategy hinged on turning them into separate businesses, each headed by a business manager and a small executive team, with the task of carving out a niche in the European market.

Mr Baxter emphasises that it represented a considerable change in approach. "Previously, management of the plant was function-led: it was more like a bureaucracy than a business organisation. Also, though the UK had been in the EEC for the best part of a decade, we were still inclined to regard our home market as simply the UK."

If there was a model that Barry followed, he says, it was the strategy of BTR, the industrial holdings company, of manufacturing its range in a series of self-contained business units, some of which compete with each other.

The nitrile rubber production facility has survived because, although small by European standards, it was relatively new (it was commissioned in 1980) and basically efficient.

By improving productivity further through labour efficiencies and measures to reduce energy costs, plus a sharper marketing effort, losses of £3m a year on nitrile sales three years ago have been turned into a £1m profit.

Barry's phenolic resins business was similarly modest in size by international standards, but it was a business in which BP Chemicals was noticeably strong.

Phenolic resins have good mechanical and heat-resistant properties which make them suitable for use in brake linings, grinding wheels, laminates coatings and adhesives. Another feature is their fire resistance.

However, BP Barry's most precious post-PVC asset has turned out to be closed-cell phenolic foam, a product invented in its own laboratories in 1978 and one that has since been licensed to a number of companies in Europe and further afield.

Made by heating up phenolic resin, a blowing agent and catalyst in an oven, in much the same way as bread, the product not only has phenolic's fire-resistance properties, but also exceptionally good insulating qualities.

Crucially, its closed-cell structure prevents the build-up of condensation – a common drawback of other insulation materials used in the building and heating and ventilation industries.

At present, Barry's closed-cell phenolic foam remains a unique product. The nearest any competitor has come to emulating its structure is a U.S. rival, marketing a laminated version.

For the moment, Barry has the market to itself and is making the most of it. Part of the redundant polyester plant has been converted to phenolics production and further investment to increase capacity looks possible within the next few years.

TECHNOLOGY

EDITED BY ALAN CANE

Business takes to the latest fax machines

Modern facsimile devices easily outperform their predecessors, Alan Cane reports on the improvements

BRITISH companies are taking to facsimile (fax) for business communications with a new enthusiasm. There are already more fax machines installed in the UK than anywhere else in Europe, and the number is growing et about 50 per cent a year.

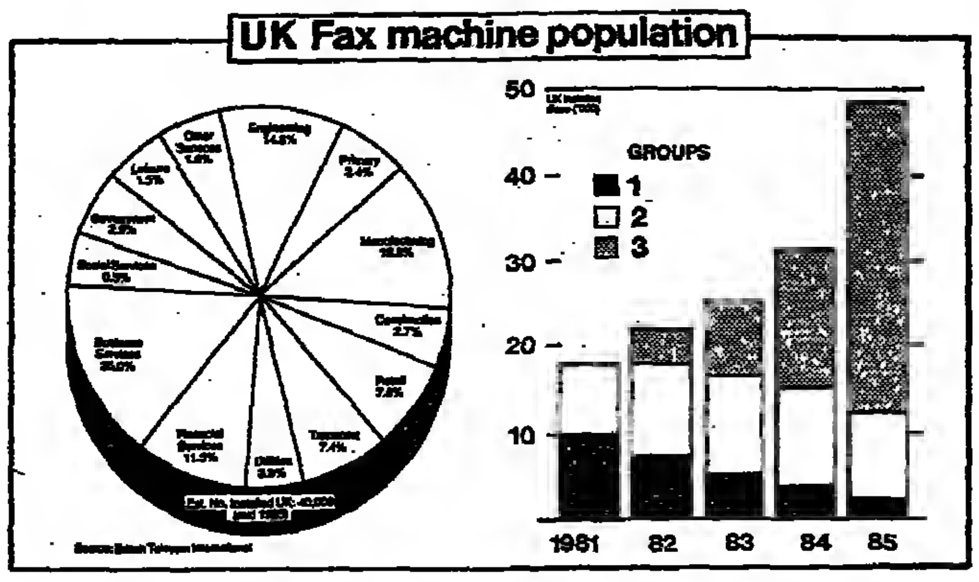
New figures from British Telecom International suggest that Britain will have 48,000 fax installations by the end of 1985, compared with Japan's 850,000 machines and 550,000 for the U.S. The comparable figure for the wholo of Europe is 120,000.

Mr Malcolm Acres, head of facsimile and Datel marketing for BTI pointed to the liberalisation of the UK telecommunications market as one factor behind the fast growth of fax in the UK.

New technology has also been an important factor. Facsimile machines transmit accurate images of documents, letters, plans, designs and pictures from one machine to another over the telephone network. Tho earliest —or group one—machines, which used analogue techniques, were slow ,expensive and sometimes produced copies of doubtful quality.

It took six minntes to send e single page of a document using group one fax.

Group two fax cut the transmission time for a single page to three minutes but etill used analogue techniques. The installed population of group one and two machines at tho end of 1984, 11,600 and 3,000 respectively, reflects their lack of popularity.



The latest generation of machines—group three—uses digital (computer) techniques to scan and transmit a page of an A4 document in less than 60 seconds.

Digital technology makes for a high quality of transmitted image; furthermore, the cost of such machines is falling by an average of 10 per cent a year. A desk-top fax machine can now cost as little as £2,500.

BTI says that tho surge in tho market is due wholly to enthusiasm for the new, fast group three fax machines. "Group three has doubled its installed base each year since 1981," says the company. "Analysis of the UK facsimile directory 1985 listings suggests group three will account for around 36,000 UK installations by the end of 1985—or three out of four."

At 1.5m, the total world population of fax machines now equals the number of telex machines. In the U.S., fax is important because surface mail moves relatively slowly.

In Japan it is popular because of the difficulties of handling Japanese characters on a telex or personal computer terminal.

In the UK, fax is most popular with services companies such as accountants and solicitors, although manufacturing industry, engineering and financial services also make beavy use of fax.

UK Facsimile Directory Third Edition, £7.

Specialised ships speed oil flow in the North Sea

HUGHES TOOL, one of the world'e leading producers of oil and gas drilling bits, has spent $25m on improving an important but little known service it provides to the North Sea oil industry.

The money has been spent on equipping a special vessel to speed up the output of wells which are deteriorating because of age or because their operator needs to improve cash flow.

The 1,999 gross tons Vestfonn will compete with ships run by two other companies, Halliburton and Dowell-Schlumberger, in the specialised business of oil or gas well stimulation.

The converted pipelaying ship is operated by BJ-Hughes, one of 10 Hughes Tool specialised subsidiaries operating in the European oil and gas industry. The company has worked for nearly all the big North Sea oil operators and earns about $2m a month for the group but its contribution is expected to increase with the introduction of the Vestfonn.


The Vestfonn: ready for action in the North Sea

Mr Jim Bodhaine, BJ-Hughes's senior vice-president for production in Europe and the Middle East, says that although the vessel will put his company in a more competitive position, the three rivals often help each other out.

Maurice Samuelson on the equipment of the latest vessel in the offshore oil well stimulation business

Besides carrying more stimulation equipment than any other vessel, Vestfonn is claimed to have a unique control area from which one man can monitor or record all necessary information for complete control of fracturing, acidising and nitrogen service operations at depths of three to five miles below the sea-bed.

Fracturing and matrix stimulation are the most widely-used methods.

The first of these uses hydraulic pressure to break open channels away from the bore hole so the oil can percolate more easily from the oilfield to the well. Gelled oil and sand are pumped into the rock fractures under high pressure and tho sand remains in place to hold the fracture open.

The second method—matrix stimulation—increases permeability near the bore holo by using an acid or other chemical to dissolvo either tho rock itself or other matter which might have entered its pores.

The Vestfonn's equipment includes:

● Six of the strongest pumps available in tho North Sea, each powered by an 1800 bhp turbo supercharged diesel engine, and serving the fracturing system.

● Three independently-powered cryogenic pumps drawing from an onboard storage capacity of 32,000 gallons of liquid nitrogen;

● Two separate units to blend chemicals for injecting into the oil field.

● Satellite communication with telex, telephone and facsimile transmission.

The ship can be operated either from the bridge or from a separate control room where all its systems can be monitored. Dynamic positioning can keep it on an exact spot in up to gale force conditions as far as 300 feet from the platform it is servicing.

A simple acid treatment might cost only a few thousand dollars, while a major hydraulic fracture might need as much as $2m. But, says Mr Bodhaine, the operation usually pays for itself in about 30 days in terms of higher output.

Until now, BJ-Hughes carried out its off-shore stimulation work with equipment mounted on production platforms, but because platform space is scarce, oil companies prefer the work to be done from independent vessels — a service offered by the two other stimulation specialists for the past three years.

Seeking clues on the surface

BY PETER MARSH

BRITISH INDUSTRY — from microchip manufacturers to companies making plastic bags —is turning increasingly to a small technical group at Loughborough University which specialises in analysing the surface of materials.

The group, in tho university's physics department, owns four powerful instruments, togethor worth about £800,000, which probe the topmost atomic layers of substances for tiny defects or other clues that can affect the performance of materials.

The team of six, set up eight years ago, earns about £250,000 a year in fees from a range of companies which hire one or more of the machines for specific jobs.

Dr David Sykes, the team's leader, says his group deals with hundreds of different companies, mainly from the engineering and consumer goods sectors. Often, customers insist on secrecy because the work relates to product defects which the company is trying to keep quiet.

GEC, Plessey, British Telecom and Pilkington are among companies which use Loughborough's facilities for long-term research related to materials.

With the instruments, semiconductor companies can analyse the upper layers of a microchip—just a few billionths of a metre below the surface—to find out about the positions of atoms of substances such as boron or arsenic which affect the semiconductor's electrical properties.

'Companies can analyse just a few billionths of a metre below the surface of a microchip'

A plastic-bag company examined tho surfaces of its products with the Loughborough hardware to find out the structural failings which caused tho bags to come apart at the seams.

Other customers have included beer can makers and a company involved in gold-plating spectacles.

Three of the university's instruments, mado by Varian of the U.S., Cameca of France (part of the Thomson group) and Britain's VG Instruments, beam either ions or electrons at the surface of a material and collect the rebound.

By analysing how atoms in the substance influence the reflection of the ions or olectrons, the instruments provide clues as to the layout of these atoms —just as a ball thrown at a wall will rebound differently depending on the grain and hardness of the surface.

'Customers have included beer can makers and a company involved in gold-plating spectacles'

The fourth machine is a laser-induced ion mass spectrometer made by Cambridge Mass Spectrometry, a small company in Cambridge. Its special function is surface investigations.

Dr Sykes says most companies, even big ones, do not buy even one machine for surface investigations because they cannot find enough applications for the hardware to justify its cost. That opens up opportunities for small organisations, such as Dr Sykes's department, which offers a specialised service to a large number of customers.

The materials investigation group is part of Loughborough Consultants, a company set up by the university to earn cash from contracts with industry. The company, with a staff of e dozen, operates specialised departments such as Dr Sykes's group.

A second research team in chemical engineering, working on behalf of Europe's iron and coal industries, examines the strength and structure of coal and coke—for instance, to increase the efficiency with which coal is burnt in ironworks.

Engineers claim first with faster modem

DESIGN teams at British Telecom's Martlesham Heath and Thorn EMI Datatech's Feltham laboratories claim a breakthrough in the development of a data communications modem capable of transmitting at a rate of 9,600 binary digits (bits) a second in two directions simultaneously over ordinary telephone lines.

Now Datatech has been awarded a £4.5m contract by British Telecom to manufacture the modem, said to be the first of its kind.

Modems take digital signals from computers and turn them into the kind of electronic signals which can be transmitted down a telephone line.

Where BT and Datatech engineers made their breakthrough was in developing a device that can work at such a high speed over the public switched network. Rates of 9600 bits a second were previously possible only using special leased lines.

The engineering teams faced two major problems: how to overcome the speed limitations of today's two-way transmission technology and how to avoid the noise and distortion in ordinary telephone lines.

Conventional two-way transmission is fine up to 2400 bits a second but above that there is the problem of "echo."

A data modem would normally see an echo of its transmitted signal as it looked for incoming data. The answer was to design the modem to receive a composite of incoming and outgoing signals and, by e sophisticated signal processing technique, cancel the unwanted echo.

To tackle noise and distortion in ordinary lines, the engineers used special computational methods to cancel out errors together with auto-adaptive equalisation.

Legal Notices

No. 495 of 1985
IN THE HIGH COURT OF JUSTICE
CHANCERY DIVISION
MANCHESTER DISTRICT REGISTRY
BEFORE
MR. DISTRICT REGISTRAR KUSHNER
IN CHAMBERS
WEDNESDAY
THE 28th DAY OF AUGUST 1985
IN THE MATTER OF
GWENT AREA BROADCASTING LIMITED
AND IN THE MATTER OF
THE COMPANIES ACT 1985

NOTICE IS HEREBY GIVEN that by an Order dated the 28th day of August 1985 the Court has directed a Meeting to be convened of the General Creditors of the above-named Company for the purpose of considering and if thought fit approving (with or without modification) a Scheme of Arrangement proposed to be made between the said Company and such creditors and that such meeting will be held at The Westgate Hotel, Commercial Street, Newport, Gwent, on the 20th September 1985 at 11.30 a.m. at which place and time all General Creditors are requested to attend.

Any creditor entitled to attend the said Meeting can obtain copies of the said Scheme of Arrangement, forms of Proxy and copies of the Statement required to be furnished pursuant to Section 426 of The Companies Act 1985 from Wallwork, Nelson & Johnson, Chartered Accountants of 11/12 Theatre Street, Preston PR1 8BQ, during usual business hours on any day (other than a Saturday, Sunday or Public Holiday) prior to the day appointed for the said Meeting. The said Creditors may vote in person at the said Meeting or they may appoint another person whether a member of the same class of creditors or not as their proxy to attend and vote in their stead.

It is requested that forms appointing proxies be lodged with Wallwork, Nelson & Johnson at 11/12 Theatre Street, Preston PR1 8BQ, not less than 48 hours before the time appointed for the said Meeting, but if forms are not so lodged they must be handed to the Chairman at the Meeting.

In the case of joint creditors in the Company the senior who tenders a vote whether in person or by proxy will be accepted to the exclusion of the other joint creditors and for this purpose seniority will be determined by the order in which the names stand in the Company's records.

By the said Order the Court has appointed Mr. R. F. Fox or failing him Mr. M. C. Hughes to act as Chairman of the said Meeting and has directed the Chairman to report the results thereof to the Court.

The said Scheme of Arrangement will be subject to the subsequent approval of the Court.

Dated this 28th day of August 1985.
LAYTONS AND INGHAM CLEGG & CROWTHER,
of Sunlight House,
Quay Street,
Manchester.
Solicitors for the above-named Company.

THE MANAGEMENT PAGE

Product development

The risks of simplistic global strategies

BY CHRISTOPHER LORENZ

BILL MAEYER is in no doubt whatever that Asians will continue to eat rice rather than potatoes, and Italians spaghetti. He also suspects that Germans will persist in their penchant for apple strudel, rather than English fruitcake.

Howard Kehrl agrees. Ho forecasts that, though American cars will become increasingly influenced by West German and Italian design, they will continue to have a character all their own.

From their different vantage points near the top of two of the world's largest companies, Philips and General Motors, Maeyer and Kehrl are at one in insisting that, though global competition is growing, its impact is not as straightforward as it seems. Globalisation is inexorably under way, but—contrary to conventional wisdom—this does not mean that most purchases by consumers around the world will soon be of identical, homogenised prodncts.

"Major producers of modern products must regard the world as their market and their battleground." says Maeyer, who is head of Philips' small domestic appliances division. Kehrl, the vice-chairman of GM, agrees that, in order to remain competitive, multinationals must become insiders in the "Triad" countries of Europe, the U.S. and Japan.

But this does not necessarily mean, they both insist, that companies should sell the same products throughout the Triad. They should emphasise commonalities to the greatest possible extent, but Kehrl argues that this is much more likely to occur in the case of parts and components than in finished products. He forecasts that there will still be room for market-specific design in the motor industry, not just because of regulatory and environmental differences, but also in response to varying consumer preferences.

Speaking late last month in Washington at Worldesign '85, a congress of 2,000 of the world's leading industrial designers, both Maeyer and Kehrl took issue with the common view that prodnct design in the Triad is rapidly becoming standardised. This simplistic reading of tho global tea leaves by some multinationals and advertising agencies has been popularised in the past two years on the basis of an over-literal interpretation of the writings of Professor Theodore Levitt, a highly infinential profesor of marketing at the Harvard Business Schcol.

Though Kehrl accepted that *many future products would* be much less country-specific than in the past, he was insistent that "we're not talking about cookie-cutter sameness." Nor did it mean any less variety of models. The motor industry was already making a consistent effort to provide a range of designs, and new technologies such as flexible manufacturing would permit more variations on common themes, "offering both economies of scale and specialised designs for specific market segments."

Myth

A further qnalification to the myth of blanket global homogenisation was provided by Bill Maeyer. With the development of sizeable markets for old people, working women, one- and two-person households, and so on, the growing similarity of products in different countries was being accompanied by greater opportunities for "demographic segmentation." More and more new products would be tailored to specific new layers of customers around the world, he forecast.

All these changes meant that product management must be on the alert more than ever before, Maeyer warned. It must not only monitor its own market, but also carefully study related areas, and seek out new opportunities for market segmentation.

Declaring himself to be one of the growing body of general managers who recognise the vital part industrial design can play in improving corporate competitiveness, Maeyer said that designers at Philips "are expected to have a fine nose for all that is going on in society. Today's designer stands on the crossroads of marketing and production and must play an ever more important role in the total business concept of global marketing." Howard Kehrl concurred: the designer "is a specialist in consumer taste, and e guido to the shape of future product competition."

This theme, of industrial design playing much more than its traditional role of skin-deep styling, ran consistently throughout the five-day congress. It was exemplified by a wide range of innovetive products on display from the U.S., Europe and Japan, as well as from the growing number of design-conscious companies in South Korea and Taiwan.

It was propounded not only by self-interested designers themselves, but also by several top managers, as well as the star of the congress, the British government's Minister with responsibility for design, John Butcher.

Butcher's message to the congress, reiterated at his several appearances in a specially-made "designer" *jacket and trousers, was that* "design is a way of changing the fortunes of companies and economies. It is a key agent in wealth creation and in improving the quality of life."

Similar sentiments were expressed by Margaret Thatcher herself, in a videotaped message on the opening day of the congress, when Butcher accepted an award by the congress organisers in recognition of the Thatcher Government's *three-year campaign* for better design in commerce.

It might seem curious that a star-studded gathering of the world's top Italian, Japanese, German, Scandinavian and American designers should pay such homage to the government of a nation whose products are not always noted for their good design. Bnt designers are hungry for public recognition, and Mrs Thatcher has given them more of that than any other government since Prince Albert's campaign 125 years ago to encourage "art and industry" to get together. His crusade resulted in the foundation, among other institutions, of the *Royal College of Art*, Britain's premier design college.

But there was also a directly political motive for the lionisation of John Butcher at Worldesign '85. With the notable exception of the U.S., most major industrialised countries have established some form of government-sponsored organisation to encourage better design in industry. Britain's Design Council is the largest, but Japan and the Scandinavian countries have particularly active promotional bodies, and France and Germany have both stepped up their support in the last few years.

During the Washington congress, the Industrial Designers Association of America declared *its support for legislation* to establish a U.S. Design Council with the Department of Commerce. This was not the first time that such an appeal had been made, but so far the Federal Government's response has been confined to verbal declarations that "good design is critical to success in the market place." In true American style, the market place itself is being left to determine the level of demand for designers' services.

U.S. designers can only cast their eyes enviously towards Britain, where Mrs Thatcher believes that the market place needs a strong above in the *right direction*.

Arch-exponents of design extremes: Dieter Rams (left), with one of his classically restrained Braun shavers, and Ettore Sotsass of "Memphis," clutching a typically rule-breaking creation (it's not a duck or a petrol pump, but a table lamp).

All at sea over 'good design'

LEONARDO DA VINCI's great machinery inventions were indisputably well designed. But *what about a curious*, hearse-like transparent carriage with silver wheels and multi-coloured flashing lights, created by a Japanese design consultancy to encapsulate "the world of Keraku (complete bliss)"? Or a set of garishly coloured bow ties and shirts, made of resin by a trendy Californian entrepreneur?

Less in dispute, though not quite in the same class as Leonardo, are the black and white shavers, *mixers* and coffee makers made since the 1950s by Braun of West Germany. To most people, they represent the only acceptable face of German design theory, as formulated early this century by the Bauhaus and Modern Movement groups of architects—whose main legacy was a plethora of monnmental and uninhabitable buildings.

Yet, in a bewilderingly kaleidoscope array of contrasts, a mass of such prodncts — including working models of Leonardo's machines—jostled for space *and attention in an exhibition* titled "Design Excellence" at the Worldesign '85 Congress.

The same conundrum, of "what is good design?", also reared its head repeatedly in the conference hall. Kiyoshi *Sakashita, chief designer of* Sharp, one of Japan's most successful multinationals, proudly presented several *"lifestyle products," as he* called them—such trinkets as a range of gaudy, ball-shaped radios dangling from chains, and semi-circular audio wrist bracelets to wear as a jokey form of fashion jewellery.

Immediately in Sakashita's wake, Dr Dieter Rams, his near-legendary counterpart at Braun, expounded a precisely contrary argument: that design should be restrained and "honest," and that "the use *of a few inexpensive cliches* to give a product a new look is deceitful". His thoughts were echoed by several of America's most respected industrial designers. But many other Americans and *Europeans sided* with the more liberal Japanese view.

Behind this confusion of claim and counter-claim lies a dilemma which faces all industrial designers — and every company which employs them. What principles, if any—other than the obvious ones of consumer safety, cost-effectiveness, and profitability—should be followed in the design of products? Just the aim of "*giving the consumer* everything he or she wants"? Or something more demanding? Should industrial design continue to pursue the old "modernist" maxim that a product's appearance (or "*form*") *should be dictated* by its function? Or should it, like Ettore Sotsass's "Memphis" group of avant-garde designers in Milan, emulate the highly controversial shift of many architects towards a "post-modernist" use of bright colours, strange shapes, and pastiches of various past styles?

Most industrial designers are less hidebound by theory than their architectural cousins, and have long since abandoned purist notions of "*form follows function*," and even the less restrictive guideline that "form expresses function." Many argue that, in an age of electronics, both maxims are wellnigh meaningless, unless all electronic products should be shaped like a silicon chip. Even for more traditional products, they have adopted a highly pragmatic approach.

Yet the Worldesign Congress was studded with attempts by some of the most well known names in the business to reassert old principles and, in the words of one of them, "to re-establish some order out of today's rampant chaos."

The most outspoken of all was Braun's Dieter Rams. Complaining of the "alienation and chaos created by persistent design sensations", he claimed that good design was still very rare; "Braun feels pretty isolated." Design would never receive proper priority among managers until designers took themselves seriously, he maintained.

Rams went on to outline a challenging and unbending set of "good design principles";

1—Design should be innovative (not necessarily technologically).

2—It should emphasise utility—looks are not enough.

3—It should, however, be "aesthetic." Braun always tried to give its products a simple beauty which would last for years. "*It is* more than annoying to have to live with things that interfere and get on one's nerves."

4—Good design displays the logical structure of the product. "Design should make the product speak."

5—Products should be as unobtrusive, neutral and reserved as possible.

6—Design should be honest, and not resort to cheap visual trickery.

7—Design should be long-lasting, not throw-away. It should contribute to a lengthening of product life cycles, not the reverse—a tendency which is becoming increasingly common in Europe and the U.S. in response to the *conscious shortening* of product lives by Japanese industry.

8—Design should be consistent down to the very last detail.

9—It should be ecology-conscious.

10—Finally, "good design is minimal design. Omit the unimportant in order to emphasise the important." Such an approach would "help overcome the chaos in which we live."

An equally trenchant, but less uncompromising, expression of design virtues was made by Donald Genaro, one of the senior partners of Henry Dreyfuss Associates, a long-established New York design consultancy which helped create some of the most famous products in American industry, including the Bell Telephones, John Deere tractors, and Polaroid cameras.

The best test of good design, said Genaro, was "appropriateness for use." The moment a product's design became more stylish *than appropriate, it* was not good design. For example, the design of the tail lights on almost every American car constituted "a sea of mediocrity." They reeked of "heraldry and symbolism." *Yet such* essentials as colour coding for brake lights and directional indicators were often missing. It was high time that Detroit learned a thing or two from Mercedes.

Conceding ground to the opposing camp, Genaro *said* that practical and functional considerations were not the only test of good design. Post-modernist "whimsy" is OK but only *if* it is appropriate to the product and the situation in which it is used.

Both Braun and the Milan avant garde came in for some wry criticism from Mario Bellini, who combines his work as an industrial designer for Olivetti with architecture and furniture design. No less than 13 of his products are displayed in New York's Museum of Modern Art, which has a large collection of classic product designs.

The Memphis Movement was influential, he said, "because it reminds us that bad taste and pop design are *sources of inspiration for* industrial design." In stark contrast with Rams he argued that good design was not necessarily related to durability. "Products can be *long-lived* but boring."

THE ARTS

Television/Christopher Dunkley

Stand-up fight over a stood-down drama

The controversy over the BBC's Real Lives programme, "At The Edge Of The Union," featuring the views of the reputed IRA leader Martin McGuinness and the extremist Gregory Campbell, has not been settled. On the contrary, it seems more likelythan ever to tear the BBC apart unless a transmission date is announced soon.

Tomorrow there is a BBC governors' meeting. Director General Alasdair Milne will again raise the Real Lives question. Yesterday one of the BBC's senior staff mused: "What happens if Alasdair lays it on the line, insists that the governors agree to a date before the end of September, and they refuse? There'll be another governors' meeting on September 19 and if he hasn't pulled it off by then Alasdair will have to resign. He knows that."

Sir William Rees-Mogg (left) and Alasdair Milne

The questien is: has Sir William Rees-Mogg become a supporter of the IRA? If so he should surely be dismissed immediately from his post as vice chairman of the BBC. If not—why not? Sir William has exposed himself to the propaganda of McGuinness in the *Real Lives* programme. Could it be thet, far frem being seduced by McGuinness's loathesome sermon of violence, Sir William found his hostility te the IRA reinforced by the programme? *If so*, perhaps he could explain why he is so vehemently opposed to the rest of the electorate seeing it.

Perhaps it is sheer muddleheadedness—though, having worked for five years under Rees-Mogg'e editorship et The Times, I doubt it. Even if he had one or two odd ideas ebout the gold standard and the Rolling Stones his political attitudes were anything but muddled. Could it be that Sir William believes thet, while *he* is smart enough to see through McGuinness's nasty semantics (all aimed et ebscuring the fact that he lives in e democracy so that force of arms, never mind terrorism, is wholly immoral) the rest of us are too thick? Much more likely, I think.

Sir William's attitude seems to be a central *factor in the* question of whether the British public are ever to see this sober, depressing and informative programme. It was, by all accounts, Sir William more than anyone who was responsible first for the BBC governors *deciding to see Real Lives* prior to transmission, and then for persuading the governors to suppress it. Before hearing his arguments a majority of the governors would have permitted transmission.

With an accountant, Stuart Young, as chairman, and a distinct lack of experience in journalism anywhere else on the board, no denbt the governors felt that the word of the former editer ef The Times should carry special weight. No doubt, too, Sir William believed that in arguing for suppression ha was acting for tha best and ensuring that less intelligent viewers would be protected from the blandishments of McGuinness. I suspect, in addition, that he may subscribe to *Conor Cruise* O'Brien'a belief that showing *Real Lives* would give comfert and encouragement to McGuinness's supporters—all the little cowards lower down the IRA.

O'Brien is probably right about that. Furthermore there may be a few nitwits among viewers in Great Britain so impressionable and stupid that the programme would make them feel sympathy for McGuinness. However, that is a price which *is* not *just* well worth paying but which *must* be paid: only fools imagine that freedom of *expression is* easy or that it comes cheap. The freedom to hear only those views which are approved by the euthorities is the sert of "freedom" we expect in Soviet Russia. Like it or not, McGuinness and Campbell are British citizens and within their respective communities (which form part of the UK electorate, part of the BBC's audience) they command considerable support.

So much so that each is an "Elected Representative": the original title of the programme, and one which should perhaps have been retained: then the *true irony of suppressing* it would have been vividly apparent. As it is, viewers in Northern Ireland frequently see and hear McGuinness and Campbell on regional television and radio programmes. Thus the ban *means that* we *in Great* Britain are denied the right which is extended to citizens of Northern Ireland te make up own minds after hearing the ergnments

At tha start of the *Real Lives* row there was a tendency for commentaters to declare "a plague on all your houses": on former Home Secretary Leon Brittan *for* leaning *on* Stuart Young with all the weight of the Gevernment behind him; on the *governors for pusillanimously* caving in to that Government; on BBC management for being *slow and* ineffectual in responding; and on BBC journalists for geing on strike.

Certainly Brittan's action, which might have been constitutionally impeccable if he had been dealing with a truly independent board of *governors, was little short* of contemptible given that he knew he was addressing Mrs Thatcher's appointees. "Maggie's placemen" (as they were scathingly referred to repeatedly in recent Edinburgh TV Festival discussions) could hardly be expected to do anything but kow-tow to Maggie's Home Secretary, the man expected—*wrongly* and *dangerously* in my view—to combine responsibility for both national security and broadcasting. Brittan'a wide-eyed claim that he was doing nothing more than any other citizen might do was breathtakingly disingenuous. Interesting that yesterda yhe lost the joh. On a human level all one can say is that after the murder of Airey Neave and the Brighton bombing, nothing the Thatcher cabinet did in trying to queer the pitch of Irish extremists would be surprising.

BBC management also emerges with precious little credit. It was unfertunate that Alasdair Milne declared "I'm in charge" and "The programme will go out" given that he was promptly ohliged to indicate that he was not in charge since he could not say when the governors would let it go out. His only excuse is that when the affair blew up he was on board *ship in the Gulf of Finland and*, shert ef a hijack, had no way ef getting back to London quick enough to avoid a catastrophe.

The best that can be said by those who know him — whe remember *him* piloting the satire programmes through the storms of the 1960s, and facing up to tha Tory backwoodsmen who howled for his blood when *Panorama* gave a platferm to those opposing the Falklands war — is that even *if* Milne *lacks tact* he *has never lacked* the guts for fight. As for the BBC journalists, it does indeed seem somewhat paradoxical to protest et the suppression of one programme by suppressing all programmes.

It is the governors upon whom the plague will be called down most vociferously if, having decided quite wrongly to preview the programme and equally wrongly to suppress it, they were to cap it all by allowing personal pride to stand in the way of a rational reconsideration. They shsonld have rejected Rees-Mogg'e suggestion of a preview because when the governors start watching programmes and deciding whether they should be screened, they become editors-in-chief, and to have Stuart Young—a Finchley Conservative appointed by Prime Minister Margaret Thatcher, another Finchley Conservative—as leader of a board of Thatcher-appoiated editors-in-chief at the BBC is te have politically cootrolled broadcasting, as anybody eutside the UK can see. The governors can only serve their function as in*dependent* representatives of the public if they are chosen without partiality and they *avoid* previewing programmes, and avoid beceming a part ef the editorial process.

I understand that since the breaking of the row, changes have been made to the *Real Lives* programme. Captiens have been altered so it is now clear *that McGuinness's* convictiens were in "the Republic of Ireland" not just "Ireland." Sinn Fein's success in winning 59 seats in local elections is put in perspective with the information that they won only 12 per cent of thevote, and a sequence showing *the effects of IRA violence* has been added. Considerstion of such details should really be none *of* the *business* of the governors prior to transmission of a programme.

Nevertheless, if they heve any residual regard for true freedom *of expression, and* any concern for their own image in the eyes of posterity, the governors—at the bottom of the deep pit they have dug themselves—will tomorrow grasp these changes like a welcome rope and haul themselves back *into* the light hy *naming an early* date for transmission.

Aunt Dan and Lemon/ Royal Court

Michael Coveney

Wallace Shawn's new play, in which the author himself eppears, replacing John Heard at short notice and thus becoming the first playwright to appear on this stage in his own work since Harley Granville Barker in 1906, *is* the *latest* fruit of the collaboration between the English Stage Company and Joe Papp's Public Theater in Naw York. The play moves across the pond to Manhattan in mid-October, after the run at the Court.

In the form of a frail woman's recollections of a childhood friendship, it will set a few cats among the liberal pigeons of Sloane Square. It *contains an extended defence* of Henry Kissinger's reign as Defence Secretary during the Vietnam War. It contains a putative sympathetic argument fer Nazism en the grounds that Nazis et least were trying to create a certain way of life for themselves *which is*, *to* a greater or lesser extent, what we all do. And it renders a charaeter ef a compassionate, dissenting disposition entirely speechless.

Shawn does not employ any historical er intellectual arguments beyond the most simplistic. What he does, rather, is te turn his play like an inquisitive heam on the *audience* and say that it is easy to denounce Kissinger, easy to denounce *Nazism*, but what would you have done in Kissinger's place, how do you think a Nazi would feel as the infants and women walked naked across the open path at Treblinka to the "shower and disinfection."

The repository for his guileless queries is the tiny wizened Oxford teacher Aunt Dan, played by the Oscar award-winning actress Linda Hunt. She was a friend of Lemon'a mother (Linda Bassett) and her conversatiens with Lemon (the woman of the opening scene) took place on sunny lawns and in Lemon's cosy garden house about 13 or 14 years age when Lemon was 11-years-old. Lemon is now a prissily necklaced wide-eyed fruit juice freak, a condition neatly conveyed by Kathryn Pogson to offset the impressionable girl of the central scenes. Miss Hunt, en the ether hand, is e genial, *dangerously* monotoned cypher for about two ideas masquerading as a philosophy.

One's first reaction is to duh the play formless and Max Stafford-Clark'e direction of it indulgent. But Shawn is a crafty writer and the shifting timescale and apparently unreleted sequences shake out to form a piece that is, despite its obvious shock tactics, engaging and intermittently enthralling. Aunt Dan is the crucial formative influence on Lemon, someone who makes her cut through cant and accepted epinion to look at the world and its people on their own terms and in her own eyes; she asks Lemon'a mother if the journalist worms who attacked Kissinger for killing peasants could fece the consequences of *their* murder of *our* leaders?

We hear this sort of thing from florid right-wing pundits hut less often on the contemporary stage. Tha demolition of compassionate mother is then followed by a long anecdote about Aunt's spotting of Kis*singer* et a club waiting intently ever e thiek file te greet, fulsomely end delightedly, a revelting looking old friend who had kept him waiting for nearly too long. From this, a little shakily, she concludes that Kissinger is an honourable, decent and entirely splendid chap.

Lemon's father (Wallace Shawn) delivers a witty defence of capitalist enterprise. In a tangential, quirky snapshot sequence reminiscent of Shawn's *Marie and Bruce*, we see a sexually veracious siren (Lynsey Baxter in lilac stockings, blonda hair cascading *over exotic shoulders*) fleecing a joviel punter (Mr Shawn again) and then, after an explicit heterosexual encounter with a pollee collaborator (Mario Arrambide is not the best actor American Equity has sent us), committing a revenge *murder. The episode* is an illustration of another of Aunt Dan's stories, out of which emerges her own lesbien predilections. The production has not yet fired on the right zany cylinder here.

Bidding us farewell from her retreat *of* coloured jars and juices, Lemen pushes Shawn'a point ludicrously too fer by likening the destruction of cockroaches with the extermination of Jews. Not equating them, mind you. And Lemon, squeezed dry by it all, regrets that she never even kissed the eld dear whe is last seen tucked up in bed dying. The clever design, complete with e neat revolve, deliquescent Oxford feliage and smart *furnishings, is* by Peter Hartwell, the lighting by Andy Phillips and Christopher Toulmin.

Alastair Muir

Kathryn Pogson (left) and Linda Hunt

Edwin Drood/Delacorte, New York

Frank Lipsius

Rupert Holmes's musical version of *The Mystery* of *Edwin Drood* lets the audience decide on the murderer and the love interest to round out the plot Dickens never finished. Elaborately staged, as if to confirm the suspicion that this may be *the* next *New York* Shakespeare Festival offering destined for Broadway, Wilford Leach's production has some spectacular effects and snappy dance numbers but it bogs down at times in the music-hall frame and complex story-within-a-*story*.

While the music-hall idea allows an expansive and convivial George Rose to address the audience and act as a master of ceremnies, it also encourages a lot of the scenea to be exaggerations of vaudeville, *with* too much mugging and self-conscious projecting directly out beyond the footlights. Boh Shaw's scenery consists largely of hrightly coloured flies like old fashioned one-dimensional backdrops, which capture the claustrophohic Victorian feeling of the novel Dickens had only half-finished when he died in June 1870. *The real mystery he left behind* was just what the mystery consisted of since it seemed clear that the choir master and opium eddict Jaspers had to be the killer of Drood, his nephew and rival for the hand of Rosa Bud.

That the audience in the first fortnight has not so far taken the easy way ent and chosen Jaspers is a credit to the high quality of Holmes's book, which is *matched by clever lyrics* and catchy if sometimes familiar tunes. George Rose, playing the chairman of The Music Hall Royale at Greater Dorping-on-Sea, explains the reasons for suspicion of the major possihie culprits before the ushers taka a *vote in each section* of the theatre and secretly (and quickly) compile them for the surprise finale.

The stellar cast consisting of Cleo Laine, Patti Cohenour, Betty Buckle, Jana Schneider, Jerome Dempsey, Howard McGillin and Larry Shue eke out all the snarls, innocent eye flutters and mutton chop seriousness of silent-film era acting. The large production numhers are graced by Graciela Danieie'e vivid choreography that exemplifies the right comhination of music hall without succumbing te its excesses and cliches. The naked dancers *slithering* under the bed and out on to the stage make Jasper's opium dream the palpable vision of a fevered imagination brilliantly working overtime.

As for going to Broadway, tha production seems almost too well suited to the outdoor Delacorte stage because of the audience participation and exaggerated melodrama with which tha scenes are handled. The production needs to weed out the repetitive mockery of music hall to make all the scenes rise to the level of the best of them. The whole idea has a lot going for it, especially having so well put together the mechanics of audience participation without destroying the continuity of the play, thus even giving audiences a reason besides George Rose's ebullient performance to see it mere than once.

Maxwell Davies to write new opera

British composer Peter Maxwell Davies is te write e new opera for the Brighton Festival following a £4,500 Arts Council award towards the commission.

Scored for 12 solo singers and a 15-strong instrumentsl group, *Saint Francis* will be given its world premiére by a specially expanded Fires of London group at the Gardner Centre, Brighton, in May 1987.

Inside arts man out

The arts world will take tha resignation of Lord Gowrie as Minister for the Arts with mixed feelings. On the one hand it had grown to like the *fact* that for the first time tha national arts supremo was an insider, a man who had published poetry and *had once* earned his living as an art *dealer*; on the other, his very closeness to the arts made it seem even more outrageous that, wearing his other hat as a Treasury spokesman in the House of Lords, he was a committed *follower of the* Government's tight financial policy.

His unchanging theme, which he repeated *daily as he* meticulously visited arts institutions and attended openings throughout the country, was that in the current economic elimate the arts could not expect any extra cash from the Government above tha infiatien rate. To *fund expansion the* arts must either run their activities more efficiently or look to *alternative* sources of revenue, most notably business sponsorship.

He believed that he had laid the framework for such a switch through the Business Sponsorship Incentive Scheme which ha energetically promoted. He *found £1m a year* to finance the scheme whereby any arts *organisation* which attracted new *sponsors* could qualify for extra cash from the Government.

But Lord Gowrie acknowledged that the Government would always have to fund the Arts Council to undertake basic arts provision: tha new sources *of cash* were *for growth*. He never apologised for his policy, and was not afraid of rows with Sir Peter Hall, and the like.

But, perhaps because he was a Treasury Minister, Lord Gowrie was often able te find tranches of cash in an emergency. In particular the heritage did well under him, thanks to the £25m which was found to sava grand houses like Kedleston, Nostell Priory and Weston Park *for the nation*, and the recent more liberal attitude towards accepting works of art in lieu of tax. The

Perhaps Lord Gowrie's biggest coup was persuading Mr J. Paul Getty Jnr to give £20m to the Netional Gallery, with a further £30m in the *pipeline*. He leaves the heritage in a fairly healthy state: the performing arts less so.

Lord Gowrie's surprise departure was prompted, in the main, by the knowledge that, as e peer, he was unlikely to *rise much higher in the political* hierarchy and also by a wish to improve his financial position. He *is* expected to return to his career as a picture dealer, with far more knowledge of how the arts world operates.

New minister, Page 10

Antony Thorncroft

City Music Society

Dominic Gill

Lunchtime concert-goers will be delighted to learn that for its *39th season* (who needs anniversaries?) the City Music Society has redecorated the Bishopsgate Hall handsomely in its original colours, installed soundproof doors, and replaced the famous hard wooden chairs with padded seats. The hall'a acoustic is unaffected, still splendidly warm and clear. These latest improvements (tea-trolleys rattling past in the corridor, and sore hehinds, were really the only nuisances) make it a well-night perfect concert place.

It was Louis Kentner who inaugurated the lunehtime concert series et Bishopsgate in 1947, and whe returned there in 1978 to give the 1,000th recital. He returned again yesterday, in honour of the refurbiahment and his own 80th birthday, with the same programme ef Beethoven and Liszt that he gave 38 years ago.

His account of Beethoven's C *major sonata* op. 2 no. 3 waa well-meaning and well-considered, but perhaps it was a shade too laborious to be called piano playing at its finest. The fingers are no longer quite as agile as those which gave the première of Bartok's second concerto under Klemperer—though they showed some unexpected, and welcome, nimbleness *in the scherzo* and there was a chance to revise opinions by observing the first movement's exposition repeat.

In Liszt's Dante Sonata there was room for the manner to expand without the notes mattering too much. The manner was grand-salon: and the best of it was *dolcissimo con amore*, and undoubtedly effective — though *Mr Kentner's pianissimo* tremolandos came out, for some mysterious reason, decisively fortissimo.

Arts Guide

Music/Monday. Opera and Ballet/Tuesday. Theatre/Wednesday. Exhibitions/Thursday. A selective guide to all the Arts appears each Friday.

Aug 30–Sept 5

Theatre

LONDON

Sweet Bird of Youth (Haymarket): Lauren Bacall elegantly decadent as Tennessee Williams's doomed movie queen. Harold Pinter's direction and Eileen Diss's evocative designs contradict the play's lopsided reputation and place the central tussle between the star and her gigolo (Michael Beck) against a detailed canvas of small town Southern vengefulness by the sea (930 9832).

Noises Off (Savoy): The funniest play for years in London, now with an *improved third* act. Michael Blakemore's brilliant direction of backstage shenanigans on tour with a third-rate farce *is a key factor*. (836 8888).

Starlight Express (Apollo Victoria): Andrew Lloyd Webber's rollerskating folly has 10 minutes of Spielberg movie magic, an exciting first half and a dwindling reliance on indiscriminate rushing around. Disneyland, Star Wars and Cats are all influences. Pastiche score nods towards rock, country and hot gospel. No child is known to have asked for his money back. (834 6184).

On Your Toes (Palace): Rodgers and Hart's 1936 musical is a genuine tonic. American jazz dance collides with the Ballets Russes. Gems include There's a Small Hotel, Glad to be Unhappy and the Balanchine ballet for *Slaughter on Tenth Avenue*. (437 6834).

42nd Street (Drury Lane): No British equivalent has been found for New York's Jerry Orbach, but David Merrick's tap-dancing extravaganza has been rapturously received. American Clare Leach is a real find as Peggy Sawyer, and Margaret Courtenay has a field day (836 8108).

Me and My Girl (Adelphi): Sleek, efficient and enjoyable revival of Britain's biggest war-time musical hit with Robert Lindsay in the Lupino Lane role emerging as the best new musical star since Michael Crawford. (836 7611).

The Government Inspector (Olivier): Striking but unfunny revival with under-equipped TV comic Rik Mayall playing the poseur as a shrieking nose-picker. Richard Eyre's production for the NT lacks either comic tension or true delirium but, with John Gunter's imposing design of bureaucratic bumf, the show has a sort of monumental starkness as well as nightmarish tedium. New translation by Adrian Mitchell. (928 2252).

Barnum (Victoria Palace): Michael Crawford returns to London with his breathtaking performance as the circus impresario, adding one or two new tricks in a likeable meringue of a musical. (834 1317, credit cards 828 4735).

Jumpers (Aldwych): Confident almost sober revival of Tom Stoppard's glittering comedy of love, murder and linguistic mayhem among the logical positivists, with *Paul Eddington* a more earthbound George Moore II than was Michael Hordern. Felicity Kendal delightful as his retired musical comedy wife. Peter Wood directs. (836 6404, credit cards 379 6233).

Guys and Dolls (Prince of Wales): The 1982 *National Theatre production* has arrived in the West End, if anything improved by the new casting of Lulu as Miss Adelaide and the notably well sung black Sky Masterson of Clarke Peters. Richard Eyre's production and John Gunter's affectionately lavish designs complement this most joyful and literate of musicals, a fitting tribute to the recently deceased co-librettist Abe Burrows (839 5881).

NEW YORK

Cats (Winter Garden): Still a sellout, Trevor Nunn's production of T. S. Eliot's children's poetry set to trendy music is visually startling and choreographically feline, but classic only in the sense of a rather staid and overblown idea of theatricality. (239 6262).

42nd Street (Majestic): An immodest celebration of the heyday of Broadway in the '30s incorporates gems from the original film like Shuffle Off To Buffalo with the appropriately brash and leggy hoofing by a large chorus line. (977 9020).

Brighton Beach Memoirs (46th St): The first instalment of Neil Simon's mix of memories and jokes focuses on a Depression-era Jewish household where young Eugene falls awkwardly in love with his cousin. (221 1211).

A Chorus Line (Shubert): The longest-running musical ever in America has not only supported Joseph Papp's Public Theater for eight years but also updated the musical genre with its backstage story in which the songs are used as auditions rather than emotions. (239 6200).

Sunday in the Park with George (Booth): *Inspired by the Seurat* painting, Stephen Sondheim fashions a musical with dots and dashes of song that end too soon but work well with Tony Straiges's pretty set and *James Lapine's* book which changes gears in the second act. (239 6262).

La Cage aux Folles (Palace): With some tuneful Jerry Herman songs, Harvey Fierstein's adaptation of the French film manages, barely, to capture the feel of the sweet and hilarious original between high-kicking and gaudy chorus numbers. (757 2626).

Torch Song Trilogy (Helen Hayes): Harvey Fierstein'e touching and funny recollections as a drag queen add up to the best histrionic Sarah Bernhardt role on Broadway today. (944 9450).

WASHINGTON

Count of Monte Cristo (Eisenhower): The second production of Peter Sellars' new American National Theatre company is the James O'Neill version of this swashbuckler. (254 3670).

TOKYO

Bunraku Puppet Theatre: From the National Bunraku Theatre in Osaka the troupe performs in Tokyo after a tour abroad. (Bunraku is a smaller version and close relation of Kabuki: puppets are half to two thirds life-size; many Kabuki plays were written for Bunraku. Puppets are moved round the stage by three handlers and the story is conveyed by narrators and musical accompaniment. Very powerful theatre form with a sincerity missing in others. The plays first performed in *late 18th century* at National Theatre (near major hotels). Good English programme and earphone commentary. (265 7411).

Athena Art Awards/Mall Galleries

Antony Thorncroft

The *judges for* the first Athena Art Awards, the biggest erts prize in the country worth *£25,000 (£10,000* more than the Booker book meney) could not agree on an *outright* winner, and have split the prize equally between John Bellany and Paul Huxley. Both are professienal artists.

The competition did not turn out quite as Athena anticipated bnt its chairman, Mr Terry Maher, censiders that the sponeership has proved worthwhile and, after an inquest en the event, he expeets to finance anotheropen competition in two years time, perhaps incorparting photography.

There were 1,631 entries but few were from the big names of the art world, and Royal Academicians were conspicuabsent: perheps leading artists did not want to risk failure. The judges, Douglas Hall of the Scottish National Gallery of Modern Art; Bryan Robertson, the author; and Professor Colin St John Wilson, Professor of Architecture at Cambridge University, considered the entry to offer a good cross-section of eontemporary art, both profes*sional and amateur*, but perhaps with too much emphasis on expressionism at the expense good draughtsmanship. They also thought too many of the canvases to be on the morbid side.

For tha current exhibition, at the Mall Galleries in London, which continues until September 13, only 98 pictures have been selected *insteed of* the 300 planned. The explanation given is thet many of the canvases chosen are se large that they have eliminated a wider show.

Only two of the 98 have been selected by Athena for reproduction in its poster business, suggesting some clash of interest between sponsor and judges. But 24 ether works, which were not favoured by the judges, also caught Athena's eye and will be commercially exploited: other artists have been eommissioned on the basis of their entry.

The contrest between the official exhibition and the works in en adjeining gallery which Athena chose is striking: Athena has gone fer clear cut "photographic" images, the type of art favoured hy advertising agencies, up-market magazines, and smart taste. The big display has some rather tired abstracts end makes the Summer Show at the Royal Academy seem positively vihrant. Most of the 98 are for sale, ranging in price from £95 to £6,000 (works hy Paul Gopal Chowdbury and Guy Noble). John Bellany's "Fortunatus" carries a £5,000 tag and Paul Huxley's "Dual Figure" one of £2,689.

Ballet appointment

Anthony Wraight, formerly the director of touring of the Scottish Arts Council, has been appointed administrator of Northern Ballet Theatre. He succeeds Derek Westlake.

FINANCIAL TIMES
BRACKEN HOUSE, CANNON STREET, LONDON EC4P 4BY
Telegrams: Finantimo, London PS4. Telex: 8954871
Telephone: 01-248 8000

Wednesday September 4 1985

The search for jobs

UNEMPLOYMENT bas moved relentlessly te the centre of the political stage ever the past twe years. In 1983, wben the economic recovery was beginning to gather steam, it was much easler to be sanguine about employment prospects than today after a year of sbove everage economic growth. Pollsters and politicians are rarely in agreement but both now seem to belioved that the outcome of the next general election—the prospect ef s hat-trick for the Conservatives—depends primarily on tha Government's record on jobs over the next two years.

The persistence of high unemployment refutes the argument, now embraced hy the Prime Minister herself, that the Government's problems are principally presentational. A thousand good communicaters, even Mr Jeffrey Archer, tha Conservative Party's new deputy *chairman, cannot* obscure the uncomfortahle fact that the unemnloyment total bas been stuck well above 3m for several years and that one in four young people is without work. This is a problem which has to be solved, not merely repacksged.

As unemployment has become a progressively more ecute political problem, Mrs Thatcher has assumad an increasingly prominent role in the search fer a solution. It is no accident that the ministers running the three hig departments concerned with unemployment—Mr Nigel Lawson at the Treasury, Mr Leon Brittan at *the Trade* and Indnstry Department and Lord Young of Graffham at Employment—are all proteges of Mrs Thatcher.

In the past few days the Prime Minister has stressed the importance of the new, beefednp Employment Department and the pivotal role which will *be played* hy Lord Yeung, the man who comes to her with "solntions rather than problems." Yord Young—self made, energetic and optimistic—is the very embodiment of Thatcherite values. His elevation and the fact that the Employment Department will now field two Cabinet Ministers (Mr Kenneth Clarke will answer questions in the Commons) suggests Mrs Thatcher bas taken Mr Lawson's Mais lecture very much to heart: the solntion to unemployment is to be aought increasingly through micro-economic, supply-side measures.

In the hands of Lord Young and Mr Clarke, the department will evolve eut of its traditional industrial relations brief and become more explicitly concern become more explicitly concerned with job creation. Lord Young will bring with him his red-tape-cutting "jobs task force" and the Enterprise Unit. If a supply-side cocktail of hetter vocational training, husiness deregulation and more amhitious trade union reform (perhaps e more spirited attack en the closed shop) can turn the unemployment tide in two years, Mrs Thatcber will be vindicated and Lord Young a national hero.

Flexibilty

However, e political party trailing hsdly in the opinion polls has to be realistic. Everything Lord Young does at the Employment Department is likely to improve the flexibility of the British economy in the long term, and therefore improve tha long-term jebs ontlook. But almost every economist will agree that supply-side measures, desirahle as they are, are most unlikely to have a dramatic abort-term impact on unemployment. If Mrs Thatcber relies too heavily on Lord Young and the Emnloyment Department, the likelihod must he that unemployment will be close to its present level at the time of the next election. If the latest labour force projections are correct and the economy does slow next year, it could be still worse.

There is a danger that in putting so much stress on new enterprise and deregulation the Prime Minister will be raising expectations that cannot be fulfilled. All the levers availahle to the *Government, including* macroeconomic policy, have a part to play in the hattle against unemployment. One of the central issues for the UK is the wage-setting process; what is needed is not so much moral suasion from Ministers as changes in the labour market to improve the flexibility of wages. This, too, is a structural reform which will pay dividends in the long term; but it must be given high priority by Lord Young and his team.

Goals of U.S. farm policy

AMONG all the other burning issues on its agenda, the U.S. Congress was yesterday returning to the fray over the awkward question of farm policy. As legislators return from their summer recess, they have just 12 working days left before the current four-year Farm Bill, which sets the framework for all agricultural support, expires.

In practice that is not e final deadline, and Congressmen have a couple of months more before they absolutely need to pass a new Bill. But lt does demonstrate that time is beginning to run short fer the Reagan administration in its praiseworthy efforts to rednce farm support and establish what it calls a more market-oriented policy... With every passing month, the need to bring agriculture — both in the U.S. and in the EEC — closer to the realities of the international market is becoming more urgent. Nowbere is this truer than in grain.

Cereals sales by most of the hig exporters are looking dreadful this year becsuse the Soviet Union—virtually the sole force propping up the world market of late — is expecting a better harvest. America's efferts to boost its competitiveness through the so-called export bonus scheme have so far been something of a flop; two of the targetted countries — Algeria and Yemen — have not bought a single ounce of grain. U.S. agricultural exports are expected to be nearly 16 per cent down on 1984'e already depressed level.

Bankruptcies

Meanwhile, as many Congressmen will have seen again et first band during their summer break, the problems on the U.S. farm belt simply get worse. Farm bankruptcies are continuing at record levels, and the whole U.S. farm credit system is looking decidely shaky. Small wonder, then, that Capitol Hill appears to be experiencing great difficulty in fitting the 1985 Farm Bill within the constraints called for by the Administration. As President Reagan reiterated during a recent radio broadcast, the White House wants spending on commodity support programmes to be kept to $34.8bn over the next three years, and all the proposals on the table in both the Senate and the House are way over budget.

Nevertheless, the heaving and straining in Congress does mask an important fact: the general aim of the Administration—to reduce farm price support to a more realistic level—has found a surprising degree of acceptance on Capitol Hill. The theory is that by doing so, U.S. farm exports would become more competitive, and there would he a real prospect—through pressure on the EEC in particular—of drumming some sense into the crazy world of agricultural trade.

The prohlems in taking those principles forward sre twofold. First, pressure is mounting for a further financial rescue package for farmers—to an extent which might scupper the Administration'e proposals.

Second, many people involved in the debate are expressing grava doubts as to whether U.S. exports can become really competitive unless there is some action which would inspire a significant further fall in the valua of the dollar.

On the first point, lt ie difficult to see what can be done to help. Eighty per cent of U.S. farm productiun is accounted for by 20 per cent of the farmers, and many ef tha rest are already prohahly beyond assistance. Bnt an *Administration gesture in* that direction might be worthwhile, if only to help Congressmen to sell the main thrust of its proposals.

Price supports

The second preblem is beyond the scope of the Farm Bill. But farmers and their lobbying friends in Congress are simply not going to swallow the Administration's pill, er make it easy for President Reagan to negotiate on trade liberalisation, unless they can have some confidence that fiscal policy, and the exchange rate it has such a hand in determining, will enable them to compete.

The importance of the U.S. getting its farm policy right this year can scarcely be overstated. The U.S. Farm Bill of 1981, which set price supports at artificially high levels, was a major reason why the EEC felt able to pursue such a misguidedly expansionist agricultural policy in the first few years of this decade, and land us in the mess we are in now. The conditions of the mid-1980s are different, and they require genuinely new answers.

Mergers and acquisitions

Why more marriages are being made in Japan

By Carla Rapoport in Tokyo

A CONTESTED take-over bid in Japan has long been a contradiction in terms, as strange to the ear as sushi on toast. Snddenly, however, in the bottest, dullest weeks of the year, talk in the financial circles of Tokyo recently bas been of little else.

That is not to say thet anyene bas yet succeeded in a contested take-over hid in Japan, *nor is anyone likely to in the* near future. Nenetheless, a string of events reaching from Tokye to Los Angeles have focussed a revealing light on the cherished notion of Jepanese corporate independence.

For many sectors of Jepanese industry that notion, it sppears, is now under seige. But those setting the pace are not internstional finaciers with pockets full of other people'e money. The increased tempo of mergers end acquisitions is now being set by the gentle manoenvring of sizeable cempanies (mostly Japanese but some from abroad) and backed by *Industrial logic, not simply* deep pockets.

Tha events of the last few weeks are the exceptions which prove this rule. In mid-August, Minebea, a werld leader in the ball-bearing industry and something of a maverick within Japan for its aggressive management style, launched an unwanted take-over hid for Sankyo Seiki, a precision machinery maker, by disclosing s 19 per cent stake in Sankye. The move was beralded as Japan'e first contested tske-over bid.

Just as this news was being digested, lt was discovered that Minebea had been the target of *another* unwanted bid, *this time* from a foreign predator. Charles Knapp, through his Los Angeles-based investment banking firm, Trafalgar Holdings, disclosed it had cornered nearly a quarter of Minebea'a shares by purchasing warrants and convertible bonds from London-based Glen International. Minebea's shares have shot up on the news, from Y700 before the news, to Y820 yesterday.

Neither hld can possibly succeed. Those most informed about the Japanese mergers and ecquisition scene have dismissed these events as a "circus show," whila others have said the coincidence of Minehea as pursuer and persued is no coincidence at all, suggesting that Minabea itself prompted its foreign bidder in order to push up its share price and strengthen its bargaining position with Sankyo.

The reasons why neither bid can succeed go a long way toward explaining the nature of the Japanese mergers and acquisition scene, which is expanding by the menth.

"Japanese companies are not for sale," says Mr Stephen Church, a fluent Japanese speaker who is head of Yamaichi Securities' six-year-old international mergers and ecquisi*tions operations.* Mr Church's business card makes no mention of his division's name, because even today, the concept of a take-over is still culturally taboo. The Japanese word for acquisition, baishu, also means hribery, while the word for take-over, nottori, douhles for hijack.

A partnership hetween the management and the employees is at the essence of a Japanese company. "The legic of capital is a foreign notion," says Mr Church. Giving way to an ontside predator—even if lt makes financial sense—would be tantamount to surrendering one's *responsibilities* to the company and its workers. And in Japan, responsihilities to his employees are still a top priority for a Japanese execntive. Indeed, the notion of shareholders' rights is next to non-existent.

Legally speaking, hostile predators from abroad ore free to huy controlling stakes in any company they wish—thanks to recent liberalisation in this area. Practically, bowever, the system tacitly protects the pursued, not the pursuer. Ironically, Mr Kenji Senoue, general manager of Minebea's planning department and architect of the company's bid for *Sankyo Seiki, explains the way* this works the best.

Accerding to the Foreign Exchange and Foreign Trade Control Act, e direct investment of 10 per cent in a Japanese company sutomatically requires submitting to e detailed approvals procedure by both the Ministry of Finance and the ministry overseeeing the activities of the industrial sector involved.

"They require a lot of details. Although it is submitted confidentially, the information would be leaked to us (hy government officials) and this would help us prepare our defance," said Mr Senoue matter-of-factly.

But even if a foreign aggressor could jump through these burdles who, as a Government official put it yesterday, would work for him?

What does work in Japan is an agreed merger or acquisition, a kind of arranged marriage, with e proper go-between. Jspan's days of beady growth rates are over and foreign technology is not as cheap as lt once was. This means companies are mere dependent on in-house research and development capabilities. This is fine for the big companies like Sony and Hitschi and irrelevant to the tiny shops which exist to feed merely their owners. It is the companies in the middle, particularly in the research-intensive electronics and chemicals fields, which are increasingly interested in finding mates.

For the go-between, husiness has been picking up. Yamaichi, a pioneer in the field, says it has put together only 100 link-nps in its 12 years in the field. Currently, however, 50 deals are under active discussion, with 12 agreed and signed in tha last six months.

Middle-men in Jepan must spend an extraordinary amount of time locating potential sellers, getting to know their managements and earnings their trust. Mr Church reckons that someone in his department, for example, is a drinking companion of top executives at every pharmaceutical company of any size in Japan. This industry has heen particularly under pressure because of recent drug price cuts. Other targeted industries inclnde retail distrihution, such as snpermarkets, electrenic components, and a bit further ahead, the financial sector, which faces a huge surge in competition because of planned liheralisation in Japan's financial markets.

In addition to rationallsation deals, companies are looking at mergers as a relatively cheap way to expand their product line or diversify their buslness. Mr Francis Pike of MIM, the UK investment advisers now owned by Aetna Life, points eut that in the 12 months to March, 1984, casb and deposits on hend in Japanese puhlic companies swelled to U.S.$6bn, while holdings of short-term aecurities nearly reached U.S.$5bn. Both figures show a more than three-fold lncrease over the previous year.

"Now that cash flow ls outstripping internal investment requirements, many Japanese companies are considering acquisition as an alternstive to investment in securities," says Mr Pike.

A recent survey of 100 large Japanese companies echoes these sentiments. A surprising 48 per cent stated that mergers and acquisitions were an "important business strategy."

The path for the foreign seeker of a sweetheart marriage with a Japanese company, however, will continue to be tougher than that for a Japanese. Merck, the U.S. drug giant, had a 33-year treding bistery with Banyu before it bought a controlling stake in the Japanese drug gronp in an agreed deal in 1983 (Many still say Merck paid en unusually fancy price considering Bankyo's problems).

And Japan-watchers catologuing that country's takeover blds in the U.S. and Europe can forget about a more eccommodoting attitude te hostile hids from foreigners in Japan.

"Should we cbange our culture and the way we do business fer the sake of reciproclty?" osked e prominent Japanese husinessman yesterday.

Further, the idea of buying s Japanese company slmply to realise the value of lts assets is practically unthinkahle. Japanese accounting methods mean that many large companies have tantalisingly large property and securities portfolios st well below market values on their booka. But the notion of buylng a company for asset-stripping in Japan *is* ahout as allen as proposing Engllsh as the national language.

...AND WHY MR RAMSDEN IS SHOWING SUCH A KEEN INTEREST

Mr Terence Ramsden is nothing if not confident. The man who has caused a stir on the Japanese Stock Exchange by selling options over his stake in Minebea to the American investment banker Mr Charles Knapp, says he thinks the shares could climb as high as Y1200. (At the moment they are around *?820 having risen substan*tially in the last couple of weeks).

When told that analysts would not agree with this valuation, he replies: "But they don't know what I know."

The statement encapsulates the role that Ramsden, 33, has played in the Minebea affair. He gives the impression of a Japanese specialist who always *has another* ace up *his* sleeve, that he has found a way through the jungle of Japanese corporate inscrutability and has at last opened up the country for foreign take-overs.

In the process, he has seen his own stake in Minebea increase in value by more than one-third.

The deal by which Charles Knapp got options over a 23 per cent share of Minebea was, according to Mr Ramsden, the result of his ten-year apprenticeship in the Japanese corporate sector. Through Glen, his London-based investment group, Mr Ramsden has over the past 15 months been buying Minebea *bonds with detachable share* warrants.

These would have cost Mr Ramsden a cool $150m to convert and in any case Minebea shares were trading at such a low level that this was hardly an attractive proposition. Instead, Mr Ramsden sold an option over the shares to Mr Knapp, who was well known fer his willingness to take risks.

Mr Knapp, aged 51, is best known as the controversial figure behind the meteoric rise and fall of Financial Corporation of America (FCA), th parent of America's biggest Savings and Loan.

The terms of the purchase have not been disclosed, but *Mr Ramsden says that they* give sufficient time, and are at such o price, "for Mr Knapp to pursue all the actions he wants."

Mr Ramsden himself has continned to accumulate Minebea stock through "aggressive buying in the market every day," and be still has a "serious vested interest" in the company in the form of warrants, bonds and equity. He pnts this holding at more than 10 per cent.

At some indication of how much Messrs Knapp and Ramsden might own between them, Mr Ramsden points to estimated 35 per cent ef stock outstanding in the form of foreign debt, and adds that another 30m shares would give them control.

Mr Ramsden has a ready response to suggestions that he and Mr Knapp hove been acting as "green mailers"—that is, threatening to hid for a company in which they themselves hold stock in order to increase the value of that holding.

"The management of the company has been pursuing a policy which deliberately undervalues the stock. If a greenmailer, or the action that be takes, brings the stock back to a realistic revaluation, then that is in the shareholders' interests."

In the same role as the "shareholders' friend" he is currently engaged in litigation against the Tokyo Sanyo Electric Company, which is unconnected with the Knapp-Minebea affair.

As a shareholder, Mr Ramsden ettended the annual meeting earlier this year, which he says was a typically Japanese cerporate affslr, with shareholders rubber stamping board resolutions and applanding directors.

On September 19, the Tokyo High Court will he asked te rule on Mr Ramsden's allegations that Tokyo Sanyo has issued deliberately misleading facts on fonr occasions, relating to foreign deht and shareholders' participation.

Frank Kane

Men and Matters

Floating off the challenger

One of the more unusual documents to be leunched upon the City will come this month from merchant bank Guinness Mahon. Although a prospectus in style it should rather be seen as a memorandum to potential punters.

And they will be reminded with hrutal clarity that it is unlikely they will ever see their money again.

The one shaft of sunlight will be an outside cbance that they could enjoy e big return.

Guinness Mahon's Peter Jennings, one of the bank's corporate finance directors, has devised e professional way for companies and individuals to finance a contending British 12-Metre yacht to join in the 1987 America's Cup challenge in Australia.

His principals, a group ef well-heeled yachtsmen and businessmen called the British America's Cup Challenge, based upon the Royal Thames Yacht Club, are seeking at least £1.2m in iodividual and corporate commitments.

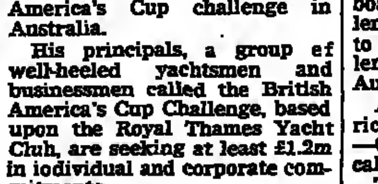
They expect to make up the £3.5m needed for the challenge with various commercial sponsorships, including travel concessions from British Airways, and facilities while the team is et Fremantle.

With a management team in*cluding Jennings, Nigel Hawkes*, commercial director, and David Arnold, financial director, the prospective British challenge is now underpinned hy a strong business organisation.

Werk has started at Cougar Marine, on the Hamhle river, on huilding two rival British yacht designs. They will be metched against each other st Fremantle—and the better boat will he tha British challenger. In turn she will bave to beat st least 16 other challengers to race against the Australian defender.

A British win could provide rich dividends for the punters—Guinness Mahon prefers to call them "patrons."

They would be in a useful positien to benefit from e frenzied round of commercial ectivities when Britain was called npon to defend the cup in home waters in 1990.



"Barbara Cartland too busy, was she?"

On its knees

The Catholic Building Society is in many respects much like other building societies, as you might expect of a body whose president, the Duke of Norfolk, is also president of the Building Societies Association.

For its 25th anniversary, therefore, the Catholic did as other societies do and launched a Jubilee Bond savings account.

Others might have stopped there, or contented themselves with strawberries and cream in the boardroom.

Not so the Catholic: the festivities later this month will begin with High Mass at Westminster Cathedral, and continue with a buffet at the Carlisle Place Convent.

This is clearly one building society that does not need the Abbey Habit.

Talking shop

Unusually for a City career man, a rising young merchant banker, Jehn Dembitz, eged 35, bas elected to resign his directorship of Charterbouse Japbet to seek e new line of work with Valin Pollen, one of the City's more glamorous advertising and PR agenciea.

Valin Pellen, which went public on the Unlisted Securities Market last year (five years after being formed by Reg Valin and Richard Polien) looks set to show pre-tax profits of over £1m for 1984-85.

Demhitz is going in as maneging director to run the husiness on e day-to-day basis, and to develop client relationships.

Richard Pollen, who gives up his seat to Dembitz, tells me that he and co-feunder Valin will have more time in future for planning the strategy of the business. Pollen becomes chief executive, and Valin continues as executive chairman.

Dembitz was born in Hungary. His family emigrated to England from Budapest when he was seven, a year after the uprising.

After Manchester University, where he studied management science under the redoubtable Professor Roland Smith, Dembitz went marketing in Hungary and Romania for Morganite International.

He returned to the London Business School and later worked for McKinsey, the management consultancy.

His present life-style starts with a 7 am swim at the RAC Club before a long day at Charterhouse, where he combines the responsibility for business development in the "high-tech" sector with the bank's marketing and PR functions.

His fondness for marketing and communications ultimately persuaded him to go into the business full-time with Valin Pollen.

If the work-load that Richard Pollen tells me he has lined up for Dembitz is a true hill then Dembitz is hardly going to find time for his daily swim after he moves.

Truants

Faces are reddening in Brussels and London over the threatened collapse of an attempt by the European Commission te educate British executives ln the realities of Japanese society, industry and management.

As part of a drive to prise open the doors of the Japanese economy and promote European exports, the Commission offered to subsidise heavily briefing sessions for managers in several Community countries.

The French showed little interest, but the Germans and the British jumped at the idea — the Germans in the form of the Hamburg-based Institut fuer Asienkunde, the British via London University'e School of Oriental and African Studies (SOAS) which is reckoned to be Europe's largest centre of Japanese studies.

The German programme, which is already under way, was beavily subscribed, and appears to be running like clockwork. But the two-week SOAS briefing, scheduled to start on September 15, has just lost its one-and-only taker, and may have to be cancelled at best, or postponed.

As an alternative to participation for tha full fortnight, entry to the programme is also being offered on a daily basis. But Richard Tames, the SOAS head of external services, is understandably rueful at this public display of UK inertia.

"There seems to be an attitude of, 'We'll leave it until the next time,'" he says. "That's precisely where Europe doesn't have in its competitive struggle with Japan—time."

PM's deal

Heard in Westminster: "Sha doesn't shuffle fools gladly."

Observer

BASE LENDING RATES

A.B.N. Bank	11½%	C. Hoare & Ce.	11½%
Allied Dunbar & Co.	11½%	Hongkong & Shanghai	11½%
Allied Irish Bank	11½%	Johnson Matthey Bkrs.	11½%
American Express Bk.	11½%	Knowsley & Co. Ltd.	12 %
Henry Ansbacher	11½%	Lloyds Bank	11½%
Amro Bank	11½%	Edward Manson & Co.	12½%
Associates Cap. Corp.	12 %	Meghraj & Sons Ltd.	11½%
Banco de Bilbao	11½%	Midland Bank	11½%
Bank Hapoalim	11½%	■ Morgan Grenfell	11½%
BCCI	11½%	Mount Credit Corp. Ltd.	11½%
Bank of Ireland	11½%	Natienal Bk. ef Kewait	11½%
Bank ef Cyprus	11½%	National Girebank	11½%
Bank of India	11½%	Nstional Westminster	11½%
Bank of Scotland	11½%	Northern Bank Ltd.	11½%
Banque Belge Ltd.	11½%	Norwich Gen. Trust	11½%
Barclays Bank	11½%	People's Trust	12½%
Beneficial Trust Ltd.	12½%	PK Finans. Intl. (UK)	12 %
Brit. Bank of Mid. East	11½%	Provincial Trust Ltd.	12½%
■ Brown Shipley	11½%	R. Raphael & Sons	11½%
CL Bank Nederland	11½%	Roxburghe Guarantee	12 %
Caneda Permanent	11½%	Reyal Bank ef Scotland	11½%
Cayzer Ltd.	11½%	Royal Trust Ce. Canada	11½%
Cedar Holdings	12 %	■ J. Henry Schroder Wagg	11½%
■ Charterhouse Japhet	11½%	Standard Chartered	‖11½%
Cheulartons**		TCB	11½%
Citibank NA	11½%	Trustee Savings Bank	11½%
Citibank Savings	¶12½%	United Bank of Kuwait	11½%
City Merchants Bank	11½%	United Mizrahi Bank	11½%
Clydesdala Bank	11½%	Westpac Banking Corp.	11½%
C. E. Coates & Co. Ltd.	12 %	Whiteaway Laidlaw	12 %
Comm. Bk. N. East	11½%	Williams & Glyn's	11½%
Consolidated Credits	11½%	Yorkshire Bank	11½%
Continental Trust Ltd.	11½%		
Co-operative Bank	11½%		
The Cyprus Popular Bk.	11½%		
Duncan Lawrie	11½%		
E. T. Trust	11½%		
Exeter Trust Ltd.	12 %		
Financial & Gen. Sec.	11½%		
First Nat. Fin. Corp.	13 %		
First Nat. Secs. Ltd.	13 %		
■ Robert Fleming & Co.	11½%		
Robert Fraser & Ptns.	12½%		
Grindlays Bank	‡11½%		
■ Guinness Mahon	11½%		
■ Hambros Bank	11½%		
Heritable & Gen. Trust	11½%		
■ Hill Samuel	§11½%		

■ Members of the Accepting Houses Committee.
* 7-day deposits 8.00%, 1-month 8.50%. Top Tier—£2,500+ at 3 months' notice 11.25%. At call when £10,000+ remains deposited.
† Call deposits £1,000 and over 8% gross.
‡ 21-day deposits over £1,000 8.25%.
‖ Mortgage base rate.
** See Provincial Trust Ltd.
§ Demand deposits 8%.

UK FARM EQUIPMENT INDUSTRY

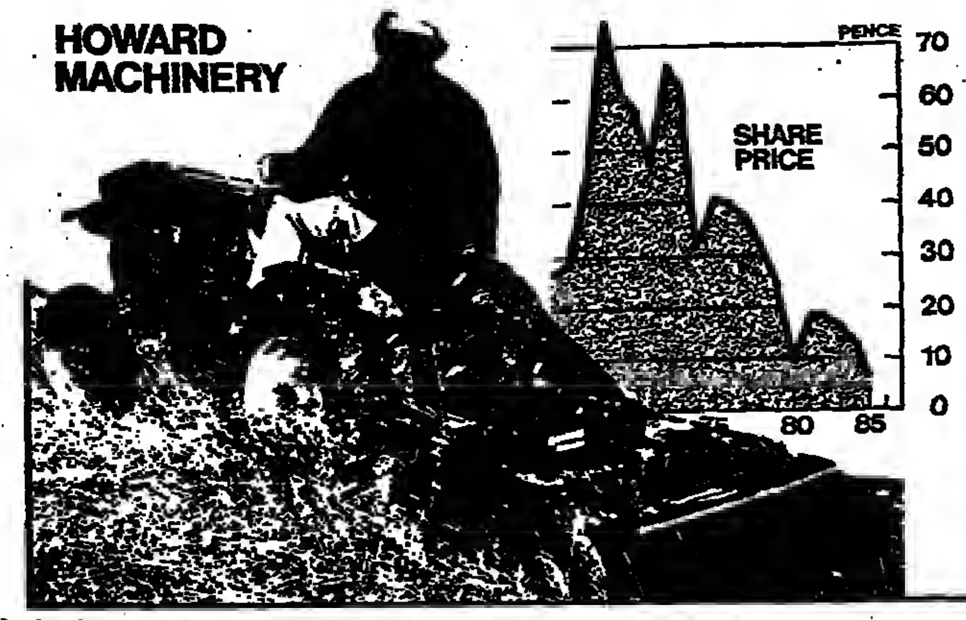
A star that fell to earth

By Lucy Kellaway

"BRITAIN'S SURVIVAL depends upon the ability of her manufacturers to live adventurously. There is no alternative."

That was what Howard Machinery, one of Britain's oldest makers of agricultural equipment, asserted at a time when Margaret Thatcher bad barely left university. The company, then called Rotary Hoes, issued a pamphlet to commemorate the Queen's Coronation, and for the next 20 years it lived up to its formula for success.

Today, however, the UK arm of Howard is in receivership, the overseas subsidiaries are being sold off and the remainder of the company is fending off liquidation by persuading its creditors to write off their loans. Even the well-respected "Howard" name is to go. On Friday, Howard's luckless shareholders will vote on a proposed name change to "HM Holdings plc."



The key to Howard's success was to develop a specialised product — thus side-stepping competitioo from the multinational giants of the farm machinery industry such as Massey-Ferguson and John Deere—protect it with patents and secure a dominant position in a niche market. Howard mastered this strategy better than many of its competitors, and through innovating flair and aggressive marketing built up a strong world position, with turnover that touched £85m at its peak in 1979.

The story of Howard's decline, in which 30 years of expansion were reversed in a decade, demonstrates the vulnerability of a company which needs continually to generate new products just to stay in the race. It shows how a medium-sized engineering firm with heavy production overheads can be squeezed when faced with falling demand. And it provides a particularly sad example of the commonest cause of failure of all: poor management decisions finally resulting in a loss of control.

Howard's tale begins before the war, with the Rotavator, the company's first big seller and its greatest triumph. Developed by Mr Alan Howard, an Australian engineer and the company's founder, it lifted rather than ploughed the soil and could be used in all climates and on the hardest ground or in a paddy field. Operated either by hand or pulled by a tractor, tho machine did the work of e harrow, a seed driller, weed cutter and many others besides.

Production began in earnest in the UK after the war. Salesmen were sent round the world to demonstrate the machines. By the 1950s Howard was producing in France and West Germany. A decade later it had 15 overseas subsidiaries and was selling 30,000 Rotovators a year in 153 countries.

The machine, meanwhile, was continually updated and improved. A variety of attachments and specialised models was available. Howevor, by the end of tho 1960s, many of the patents had lapsed and Howard was suddenly faced with cheaper competition from overseas.

Faced with a declining share of this market, Howard camo up with its second best-selling product: the Rotaspreader, and rapidly gained 65 per cent of the world muck spreading market.

By the late 1960s Howard was a gleaming example of British industry at its best. Unusually innovative and export-oriented, it was spotted by the Industrial Reorganisation Corporation as a nucleus for a three-way merger with tho two other farm machinery makers—Ransomes Sims & Jeffries and Bamfords—a plan which never came off.

In 1969 Alan Howard and the original chairman Mr E. N. Griffiths, retired. Mr Peter Coleclough, who took over as chairman, immediately launched the company into a series of bold acquisitions, including J M Mann, a UK distributor of West German Claas machinery.

At that time tho tone of the market for machinery was very cheerful. EEC price subsidies and booming worldwide demand meant that by 1973 Howard had more orders than it could cope with.

In 1973, the first disastrous step was taken in moving the efficient, albeit unwieldly factory in Essex to five different sites in the UK. Extra capacity was needed to cope with demand and the company was also attracted by cheaper labour outside the South of England.

"It was complete chaos. We never succeeded in making as many machines as we had done before," saye one of the directors of Howard Rotavator, who bad opposed tho move from tho start. At the same time, Howard pushed ahead overseas, moving to larger modernised factories in France and in West Germany.

Even if tho market had not turned down at this moment, Howard would still have been in trouble as the pateots on the Rotaspreader were running ont and no new products were emerging to fill the gap.

The big baler should have been the next success, and a factory was opened in the U.S. to build it. It was an invontion that sprung from one of Howard's idea-sharing sessions with farmers (who had bitherto come up with ingenious but impractical gadgets, such as a drip-proof umbrella). Although tha idea was a breakthrough, there were engineering problems. By the time the machina was working tho market had been stolen by the rival—but inherently inferior—round baler. Howard abandoned production.

Whilo group profits during the mid-1970s stagnated, the company's recent acquisitions movad from strength to strength. But by 1977, with profits falling and stocks rising, it had become glaringly obvious that action was overduo, and the following year tha main new plants in the North-East which had never run at anything approaching capacity, had to be closed.

That was tho start of a vicious circle of redundancies, whose enormous cost in turn hrought about further closures. In the past eight years, Howard bas spent around £12m on redundancies and closures.

By 1980 the company was struggling under a £18.5m mountain of debt and was set to make losses of about £3m. Under irresistible pressure from its bankers it started to sell off all its profitable assets. The disposals included J. Mann, which thon was making profits of about £1.5m and raised about £7.5m.

For a whilo it seemed that all was well again. The company started to make tiny profits after another spate of changes and closures, which saw the entire UK production of Rotavators movo to France where costs were lower.

More important, Howard brought out its first exciting oew product for over a decado —the paraplow, a machine which loosened the soil and improved its yield. However, without the breadth of market of either of its earlier winners, tho paraplow alone could oot save tho company.

In 1983, whon Howard seemed to be back on its feet, was pushing profits towards the £1m mark and was under tho new loadorship of Mr Frank Alsop, the company took another wrong turn. Expecting a pick-up in the market, it started to spend heavily again oo R&D and marketing.

But demand failed to materialise and a fourth major round of cutbacks followed. By mid-1984 "tho executives wore suffering from battlefield fatigue. Tha whole company had industrial tiredness," according to Mr Nigel Dunnett, the company's managing director. By tha end of that year a clean sweep had been made of the top European executives. Mr Alsop was replaced at the top by Mr George Hill.

Mr Hill strongly denies that bo was brought in to wind up Howard. "I'm a businessman, oot a company doctor," ho claims. But less than a year after his appointment agreement had heen signed to sell all the European subsidiaries tho Howard name and trade marks to a Danish company for £2.55m, and tha receivors had been called into Howard Rotavator in tha UK.

The net asset valuo of what is left is about half of its share capital, and if tho company went into receivership now, craditors and shareholders would probably get next to nothing.

Last week Howard's shareholders approved e plan to stop the receiver by providing for a convorsioo of the banks' debt into equity. Under tho terms of the plan, HM Holdings will be a company backed by about £800,000 in cash, poised to reinvest in a business "not necessarily in the field of agricultural products."

Local Government in Britain

Once more the system is up for grabs

By Bob Leach

IS ANOTHER major reorganisation of Britain's local government now imminent? Only two or three years ago such a question would bave seemed otterly lodicrous. The system, established in 1974, which was expected to last at least a generation, had settled down after some initial teething prohlems. Moreover, oo one iovolved in all the upheavals associated with that major reform would lightly contomplate another. Tha structure of local government was simply not a live issuo.

All that has oow changed. There are persistent reports, officially denied but still circulating, of a Department of Environmeot investigation into the possibility of ebolishing the 333 shire districts. A rival proposal to abolish the shire counties was only narrowly aborted at tho annual conference of tha Association of District Councils. In Scotland there has been renewed talk of abolishing the regional councils. Other ideas, such as regional government, are back on tho political agenda.

The catalyst, of course, was the Government's abolition of the Greater London Council and tha metropolitao counties. Their doom is now sealed, but it increasingly appears that tho Government's victory will prove e pyrrhic ooe. Further change oow seems inevitable.

There are several reasons for this. Firstly, no one seems to think the awkward replacement structure of joint boards and joint committees in the metropolitan areas can last long. Secondly, the wholo system of local governmeot has been rendered illogical and unstable, io that it perpetuates separate administrative arrangements for the major conurbations without any cootiouing justification. Whq should Doncaster or Walsall, for example, wield so much more power than Nottingham or [illegible]

Thirdly, the political passions stirred by the battlo over abolition onsures that further reorganisation will follow any change in government.

Finally, change itself opens up the possibility of further change. All those whose bopes were disappointed in 1974, unitarists, regionalists or whatever, who had been reluctantly resigned to the system which then emerged, can dust down their pet solutions, and again peddle them oagerly to anyone who will listen. Once more, it appears, tho whole system is up for grabs.

What are the options? One possibility if Labour gained power at Westminster would be a simple restoration of the status quo ante. This would be the least disruptive alternative, but it may not be enough to satisfy the thirst for revenge among Labour supporters for what was perceived as an extremely partisan measure.

Already there are plans for a new super GLC. More powerful metropolitan counties are also a possibility — in 1970 the then Labour Government had wanted to givo education to the proposed new metropolitan authorities, as well as more extensive housing and planning powers than they eveotually acquired.

Quite apart from partiseo considerations, a respectable intellectual case can still be made for metropolitan government. Ironically it has attracted more interest and support in other countries as it has fallen out of favour in Britain. Yet "SuperMets" could only be established at the cost of

Why should Walsall wield more power than Southampton?

considerablo blood-letting in Labour local government circles, where the former county borough lobby remains strong. For that reason a return of powers to the larger cities is perhaps a more likoly consequence of a Labour victory.

This would be consisteot with the renewed pressure for a unitary system of local governmoot, with all functions concentrated at ono lovel. Unitary euthorities would be simpler for the publie to comprehend, and would assist co-ordinetion betweeo services.

The simplest way of achieving a unitary system would iovolve the abolitioo of ooe of the existing tiers of government. Eliminating either the shires or the districts has been canvassed. But as is clear in the metropolitan areas, merely abolishing one tier of government in a system designed for two will not produce satisfactory unitary authorities. Were it to be done, the only likely consequence would be the further loss of functions to local government.

A more extensive reconstruction would be necessary to achieve a viable system. Professors Jones and Stewart, the leading academics in the local government field, have suggested this coold be done substantially through the amalgamation of existing districts. They recommend all-purpose authorities in tho population range 150,000 to 500,000 in their recent book, The Case for Local Government.

Jones and Stewart emphatically reject the notion of any intermediate elected tier of government between the town hall and Westminster. Yet the regional government lobby has revived strongly of late.

Tha attractions are clear. Regional government could end the over-ceotralisation of British administration and lessen the domioance of London. It could bring under the control of directly-elected authorities a bost of regional quangos and outposts of central government departmeots which are not currently accountable to any democratically elected body. It could act as the catalyst for the economie regoneration of some of Britain's most depressed areas.

Yot tho obstacles are familiar and formidable—the low level of regiooel consciousness over much of the country, tha ebsence of eny consensus on tho oumber or boundaries of regions, the potential costs of imposing a oew tier of governmeot, aod the opposition of various vested ioterests to subordination to elected politicians.

Regional government retains somo support within the Labour Party, but has more consistently beon advocated by the Alliance, particularly its Liberal componoot. It could be on the cards if tho oext election produced a hung parliamoot or conceivably an Alliance victory.

The author is Senior Lecturer in Government, at the School of Accounting and Applied Economics, Leeds Polytechnic.

Letters to the Editor

Strengthened Rent Acts

From Mr D. Kidd

Sir,—Several months ago Ministers had decided upon abolition of the Rent Acts—a form of price control on residential tenancies — but the Cabinet as a whole refused to sanction this long overdoe and necessary move.

Nevertheless there was recent legislation ou the Rent Acts. It was passed unnoticed. It did the very opposite of what Ministers would have liked. It strengthened and intensified the Rent Acts. Moreover, it was given retrospective effect so that overnight many landlords formerly outsido the Acts are feced with the imposition of anti-economie controls.

The reason this harmful new legislation was little-noticed was that it was not debated in Parliament nor introduced by tho Government. It is judge-made law, enunciated by the House of Lords in e case called *Street v Mountford*. But it has precisely tho same effect especially as by not reversing it Ministers must be taken to approve it.

To understand that effect it is important to appreciato that what remains of rented accommodation does so largely because arrangements could be made lawfully to avoid the Rent Acts and keep a free market in operation. Forms of occupancy hava been used which do not in law amount to a tenancy and therefore lie beyond the paralysing grasp of the Acts. One of these arrangements is called a residential licence, upheld many times by the Court of Appeal (including that most distinguished and celebrated judge, Lord Denning).

But all that has changed now. The House of Lords, considering an appeal on the point for the first time, has overruled the Court of Appeal, rejected serious arguments based oo freedom of contract and gone out of its way to express hostility towards those who use arrangements to avoid the Rent Acts.

Once this decision begins to be relied on by contract-breaking "tenants," assisted by legal aid to give it tho widest scope every faltering step taken by the Government towards economic liberalisation of the rented housing market will be undone.

David J. Kidd.
48, Park Avenue, N22.

An apolitical tax

From Mr A. Harper

Sir,—Dr Catch (August 29) seems to misunderstand the nature of the value rating. Site values represent a natural fund of communal revenoo source which are created by the presence and work of the socioty and are totally inseparable from it. That is: no society — no land valoe.

Once collected, how such revenues are spent brings us back to the stuff of politics.

It should be noted however that tho full application of site valoo rating manifests a fascinating phenomenon — voluntary taxatioo with market-set maximum levels.

The allocation of sites between users would be decided on a highest-bidder basis and nobody would be forced to continue occupying a site where be considered that the rent was too high.

Site value rating is an apolitical tax.

Arnold J. Harper.
31 Russell Road, SW19

Site value rating

From Mr V. Blundell

Sir,—Dr Catch (August 29), withoot disposing of Dr Sandilands' arguments in favour of site value rating, does appear to have a point, with regard to the rating of amenity land, the value of which does not result from public expenditures but from the bounty of nature.

The value of a site with great natural attributes, however, is not created by its occupier — neither the present one nor those who have successively sold it.

It is recognised that nature's bounty in the North Sea should be nationally shared and this is implemeoted through heavy oil revenue taxation and royalties. Why, therefore, should not all other manifestations of nature's gifts be treated likewise, and why not through local taxation?

V. H. Blundell.
14, Tensing Gardens, Billericay, Essex.

A plea for excellence

From Canon K. Jones

Sir,—With the beginning this month of e new academic year may I plead for a higher standard of living in Britain? This has little to do with money and less with self-aggrandisement but everything to do with personal integrity. And it is of direct concern to all of us whatever may be our walk in life for "no man is an island."

Never has it been more necessary for people to be aware of and to strive for the good things in life. On all sides we see a deplorable decline in standards of behaviour. Vandalism in schools, self-seeking by individuals in trade unions and elsewhere, a woeful disregard for ethics in newsjournalism and a singular lack of noble example from either Church or state.

We need a new endeavour to focus our attention upon the attainment of excellence so that the good things in life are seen to be real values like tolerance and understanding, self-sacrifice and generosity, personal discipline, love for all men and zeal for the advancement of the common weal.

Those in positions of aothority throughout the nation must striva to promota this higher standard of living in order that our children will not look back in anger tomorrow, berating us for what appears to be today e grave dereliction of duty on our part.

(Canon) K. W. Jones.
2, Grange Lodge, 13, Grange Gardens, Eastbourne, Sussex.

Allowances at Cheltenham

From the Chairman, GCHQ Branch, Society of Civil and Public Servants

Sir,—David Brindle's article (August 30) on the recently announced allowance for scientific staff at GCHQ is generally eccurate. It is, indeed, true that the failure to retain highly qualified staff in the scientific and technical fields since the ban on union membership has been having a severe adverse impact on the operational capability of some areas within the department. The size of these allowances is an indication of the degree of concern which has been generated.

The article, however, reports the Treasury as maintaining that the allowances will be available to union as well as non-union members of staff. This is simply not true. The communications scientifie and technology (CST) grade structure is a departmental structure exclusive to GCHQ. Its introduction was announced in the same document that outlined the revised cooditions of service at GCHQ in January 1984, and entry to any of the CST grades was dependent on the individual signing a form agreeing to resign from any union and not to join any unioo in the future, other than a staff association approved by the director.

So the fact is that those scientists who have refused to sign this undertaking and have retained their union membership, whilo continuing to perform exactly parallel jobs as their colleagues in the CST structure, are specifically barred from assimilating into this structure and will therefore not get an allowance. This will leave them in some cases as much as £2,100 worse off. This is, of course, in addition to not having received the £1,000 compensation for loss of rights under the Employment Protection Acts and being prevented from taking up any promotions whilo still at GCHQ.

The Treasury ought to have known these facts. If it did not it is, sadly, just one more instance of the lack of communications over this appallingly bungled affair.

Jeremy Windust,
Room E/0308, Oakley Priors Road, Cheltenham, Glos.

Creating wealth

From the Chairman, Lansfield Management

Sir,—In your issue of August 30 you report remarks made by Dr Cyril Hilsum on the ownership of British companies in which he implies that City institutions are mainly interested in guaranteed returns.

City institutions are, or should be interested in investing in companies which create wealth rather than guaranteeing returns.

It would seem logical that the principal weight of investors should lie in the hands of professionals, rather than companies. Professionals can objectively direct funds towards those companies which make the best use of them in terms of capital investment, productivity and wealth creation in real terms.

The holding of "cash mountains" is unproductive in terms of the creation of employment apart from the creation of wealth. Material and goods suppliers who hold shares in companies are likely to lead to a distortion of the flow of funds.

B. A. E. Maude.
805, Salisbury House, 31, Finsbury Circus, EC2.

Two other fellows

From Mr W. Mays

Sir,—In his review (August 24) of *Flinders Petrie: A Life in Archeology*, by Margaret S. Drower, H. G. Smith states of Petrie "He was the only man ever to be a Fellow of both the Royal Society and the British Academy."

To the best of my knowledge there were at least two others: Sir James Frazer of *The Golden Bough* fame and Alfred North Whitehead, the Cambridge mathematician and Harvard philosopher.

Wolfe Mays.
Manchester Polytechnic, All Saints, Manchester.

FINANCIAL TIMES
Wednesday September 4 1985

THE THATCHER APPROACH TO MINISTERIAL CHANGE

High office for promising pupils

BY PETER RIDDELL, POLITICAL EDITOR, IN LONDON

MRS THATCHER behaves like an *enlightened headmistress (of a* grammar school, naturally) in her annual shuffling of ministers. She rewards the effort of promising pupils as, with rare exceptions like the *outsider Lord Young, they gradually* work their way up the hierarchy.

For all the surprise of the last-minute switch of Messrs Brittan, Hurd and King, the hallmark of the changes is their predictability and sense of order. This reflects that the crucial influence of those consummate party managers, Lord Whitelaw, the leader of House of Lords, and Mr John Wakeham, the chief whip. Most of the moves, particularly at a junior level, reflect thoughts first generated in the whips' office in the early summer.

Moreover, it was the caution of the party managers that persuaded Mrs Thatcher last weekend, against her original intentions, not to bring back Mr Cecil Parkinson. This explains Mr Brittan's move. He is in no way being demoted.

The Prime Minister has also preserved the political balance of the Cabinet. While Mr Kenneth Clarke and Mr Kenneth Baker have wetter antecedents than the departing ministers, Mr Clarke is firmly part of Lord Young's team and Mr Baker and the Prime Minister are at one on local government issues and especially the need radically to reform the rates (local property taxes) system.

Both appointments were predictable in the sense that, like Mr Douglas Hurd a year ago, Mr Clarke and Mr Baker were next on the list for promotion to the Cabinet, after lengthy and successful apprenticeships as ministers of state.

The same point applies to Mr *John MacGregor*, who, though publicy unknown, has earned much respect within the Government for his work on small business and agriculture. His selection as chief secretary to the Treasury is not a surprise, since be was the whips' office candidate, even though Mr Norman Tebbit is believed to have argued in favour of Mr Paul Channon, the Trade Minister, for the post.

Outside the Cabinet the vacancies have generally been filled by ministers who have served in a couple of under-secretary posts. The most notable promotions have been of Mr John Patten, Minister for Housing, and of Mr William Waldegrave, Minister for Local Government. Both entered the Commons for the first time in 1979, were appointed ministers in January and September 1981, respectively, and have served in two jobs.

Both are also part of the close network of some Oxbridge – educated Tory MPs in their early 40s, who formed the Blue Chip Group (other members include Mr Chris Patten, a junior minister, and Mr Tristan Garel-Jones, a whip).

In 1981, they produced a pamphlet urging a shift of Government economic policy.

Otherwise, some existing ministers of state beve been shifted either sideways or slightly upwards to gain *more experience. The main*-promotion has been for Mr Richard Luce to become Arts Minister, although Mr Ian Gow has gone to the Treasury after two difficult years as *Minister for Housing.*

Other shifts of a similar nature involve Mr Norman Lamont, who will use his considerable industrial experience as Minister for Defence Procurement, Mr Peter Morrison, moving from employment to Industry, and Mr Barney Hayhoe, shifting from the Treasury to become Minister for Health. Mr Hayhoe already has considerable experience in dealing with civil service pay and numbers, which will be immediately relevant in handling the National Health Service.

In general, such ministers of state must be patient and wait to move up the list of those whose turn it is to join the Cabinet.

The newcomers as junior ministers – Mr John Major, Mrs Angela Rumbold, and Mr Michael Howard – are all among the category of members who have been talked about at Westminster as promotion candidates.

Mr Major, for example, has made a mark at the whips' office, most recently over the Finance Bill. Mrs Rumbold, first elected at the Mitcham by-election in 1982, had attained the mysterious status of being the obvious "promotable" woman MP, presumably because she is hard-working and serious in a way that Mrs Thatcher admires.

Mr Howard, a successful barrister, has been the *most frequently* mentioned name at Westminster of who can be promoted from the hundred Tory MPs first elected in 1983. But Mr Howard is somewhat older than his immediate parliamentary contemporaries and more part of the generation of his close friends, Mr Leon Brittan and Mr Norman Lamont.

The same approach is likely to be reflected in the remaining appointments expected in the next day or two of a Minister of State at the Foreign Office, a Sports Minister – little power but much publicity and aggravation – while there may also be switches in the Department of Education and among Social Security Ministers.

By contrast, Mrs Thatcher has got rid of ministers who, though loyalists, like Mr Jenkin and Mr Rees, have got themselves in a position where they were both criticised within the Government and publicly. The more junior resignations, *for example*, of Mr MacFarlane and Mr Fletcher, are of two people who have been under secretaries since 1979 and did not have immediate promotion prospects.

But, in politics, as long as there are reshuffles, there is hope for back-benchers and junior ministers of at last getting to the Cabinet – in *time.*

Profile of new Conservative deputy chairman, Page 8

Hanson lifts offer for SCM to block plan for buyout

By William Hall in New York

HANSON TRUST, the UK conglomerate, yesterday increased its bid for SCM, the New York based conglomerate, by a fifth to $72 per share cash in a last minute bid to block SCM management's plans to take the company private.

News of Hanson Trust's $983m bid for SCM came less than an hour after SCM announced that it had reached a definitive agreement for a $70 per share management buyout. In order to avoid delays Merrill *Lynch Capital Markets planned* to begin a tender offer for 10.5m shares, or 85 per cent of SCM's equity, within five days.

Hanson Trust requested the suspension of SCM shares on the New Ynrk Stock Exchange shortly after noon yesterday. Since Hanson made its initial offer of $60 a share on August 25, SCM shares have been trading at a premium as Wall Street arbitrageurs gambled that a higher offer would have to be made.

SCM shares rose $2¼ early yesterday *before being suspended at* $69¾.

Given that SCM directors had earlier approved the $70 per share definitive management buy-out with Merrill Lynch, Wall Street analysts said yesterday that SCM's board would be hard pressed to reject Manson Trust's improved offer.

Hanson said yesterday that in addition to the conditions in its earlier offer document, the amended offer is conditional on SCM not granting "lock-up" agreements or options to any other hidder or group including a group consisting of Merrill Lynch Capital Markets and members of SCM's management.

SCM is the latest and *biggest* target to come into the sights of Hanson Trust, one of Britain's most acquisitive companies. If Hanson succeeds in taking over SCM it will double the size of its U.S. business, which in the year to June 1984 had trading profits of $149.5m and sales of $1.7bn. Hanson employs 37,000 people in the U.S. and produces everything from hot dogs to garden tools, shoes and furniture.

SCM, whose profits are recovering after several years in the doldrums is an example of "smoke stack America." It operates more than 70 plants around the world employing over 20,000 people and its products range from titanium dioxide, which is used in the paint business, to pulp and paper and food.

Last year it earned $41.8m on sales of $2.2bn.

SCM said Merrill Lynch had agreed to previde up to $450m of the funds required to purchase the shares. It added that Prudential Insurance Company of America had expressed a willingness to provide most of the additional funds subject to certain conditions.

THE LEX COLUMN

Hanson plays at leapfrog

The equity market would be a duller place without the Hanson sisters. Yesterday *morning's* coquettish statement about Bowater Industries provided the biggest thrill of the day in London but, not to be outdone, the New York sister provided *even greater excitement in* the early evening with a revised proposal to SCM.

Hanson's original offer had always looked a sighting shot forced upon it by a sudden move in the SCM price but the increased tender of $72 a share is probably more generous a revision than Wall Street had expected. With delicate timing, Hanson narrowly topped the $70 offer rushed out by Merrill Lynch and the SCM management only an hour earlier.

A *third bidder could yet emerge* but it looks increasingly likely that SCM's ownership will be determined by a straight run-off between Hanson and the management consortium. In that event, Hanson must have the upper hand. The management team has already put its name to an offer worth less than the revised Hanson terms and, in a buy-out, would incur substantially higher funding costs than its financially muscular rival.

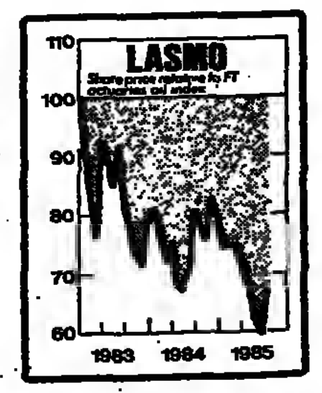
Hanson can also comfort itself with the thought that the management of U.S. Industries tried – and failed – to thwart Hanson through a higher offer last year.

At $72 a share Hanson would be paying about 12 times earnings and a premium of roughly a third to the last published asset value. But, while SCM is now looking less of a bargain, Hanson should still cover its financing costs in year one with $15-20m to spare. And that is before it applies any of its familiar treatment to such extravagances as a head office or an R & D budget. SCM's management has seen off predators in the past but the defeat of Hanson will require escapology of a higher order altogether.

Kleinwort Benson

Another UK financial institution tradition was cast aside yesterday as Kleinwort Benson supplemented its customary dividend announcement with a proper set of interim figures. Kleinwort's radicalism has not yet extended to full disclosure of banking profits but the message of the published numbers is that the City of London's biggest merchant bank enjoyed a most satisfactory half-year.

The worry is not the overall size of the surplus – pre-tax profits of £28.4m compare with £44.5m in the whole of last year – but its composition. Old-fashioned merchant banking is at present supporting the thrust into the securities markets. *The U.S. Government* securities operation lost money in the half-year and Kleinwort has discovered to its cost that rapid growth in international bond underwriting is only profitable when matched by enhanced distribution. The U.S. bond business is now back in profit and the integration of Grieveson Grant should strengthen tha distribution side but, given the direction in which all the City merchant banks are moving, it would be rereassuring to see a smoother run in the securities markets.



Lasmo

Yesterday's interim results from Lasmo were probably doomed to a sour reception even without unsettling rumours about Saudi oil marketing policy. Net income for the six months to June, up 27 per cent to £16.7m, was within range of stockbrokers' targets but the surrounding terrain was so pocked with sighting shots thet some brokers must be wondering why they bother with Lasmo: the company had already lost a few friends with its market priming before last April's rights *issue*.

As it was, the mere hint that the last Opec member still selling at the official price might have found some elegant way of charging its enstomers less was enough to send the whole sector down. Whether the story is true or not, it is firm reminder of the market's nervousness about oil prices; and a company such as Lasmo, which trades on a multiple equal to its colleagues' percentage yield (and vice-versa) will be hit correspondingly harder.

Still, a 14p drop in Lasmo's share price to 278p is a pretty cool rsponse to increases in sales, production and pre-tax profit of 50, 40 and 33 per cent respectively. The City of London could not reasonably hope for an increased interim dividend so soon after stumping up £88m in cash for the rights: so, somewhere between Lasmo and the City, something has gone wrong.

Lasmo produced an excellent justification for its call on shareholders: having run up a remarkable string of finds, it needed cash for appraisal and the equity portion of development costs. The company has already delivered the goods in production, finds are announced at *no less remarkable* a rate, and next year should hold something for earnings as higher-margin Far East oil replaces a dip in the North Sea. Appraisal of T Block, which Phillips is trying to sell, and *development of* the Aubrey field should provide some badly needed tax efficiencies.

However, this will do little for Lasmo's share price so long as the City is suspicious about the quality of discoveries; and whetever Lasmo's skill at finding oil, it might do well to ensure that a cash outflow next year *does not* set the market thinking too early of rights.

Exco

Whereas Exco used to be valued as an indirect investment in Telerate with its own operations thrown in for a few pence per share, sale of the Telerate stake has necessarily forced the market to think again.

The rethink has not, however, resulted in a markedly different share price; 200p on the day of the Telerate deal in July, the shares stood at 202p yesterday – a level which still leaves the business valued at barely 50p a share more than the net cash in its balance sheet.

That may seem a little unfair, given the evidence that Exco's underlying performance this year has been running above the market estimates. Money broking may have come to seem a rather staid activity amid the more exotic forms of financial service nowadays to be obtained in the City of London, but Exco's money broking business continues to advance strongly, more growth being achieved in deposit broking than foreign exchange.

Since forfaiting has produced unexpectedly quick returns, and WICO has gained market share in the Far East at small cost to current earnings, there is a case for rating the whole bundle slightly higher.

A revaluation will probably have to wait upon Exco's reinvestment policy, which could well see it gear up to embrace more ambitious acquisitions even than Telerate. Until then, Exco's cash pile can scarcely expect to attract a much higher rating than is implicit in its 11 per cent running yield.

Belgium's coalition Government dissolved

By Paul Cheeseright in Brussels

BELGIUM'S parliament was dissolved yesterday, opening the way for the country's 14th general election since the second world war. It will take place on October 13.

Dissolution followed the failure of the four-party centre-right coalition Government of Mr Wilfried Martens to agree on a programme of constitutional reform discussions, largely connected with handing over control of education to the linguistic communities.

The two main communities are Dutch-speaking Flanders in the north and French-speaking Wallonia in the south.

But the Martens Government remains in power until the election and the next parliament will not have the power of a constitutional assembly.

The education question will not go away, however. It has widened the breach between the two centre parties – the Flemish Christian Democrats, in which Mr Martens is the senior politician, and the French-speaking Social Christians.

The Social Christians have consistently opposed handing control of education to the communities, while the Christian Democrats have espoused the idea.

Christian Democrat ministers and the Flemish press were yesterday making it clear that the Social Christian success in blocking constitutional reform discussions would prove to be a pyrrhic victory.

Insistence among Christian Democrats on changing the financing of education so thet, in effect, a large proportion of money goes to Flanders will hamper any discussions on a new coalition involving both parties after October 13.

These arguments point up the return of communal issues to the traditionally fractious Belgian political scene. One reason for the survival of the Martens Government – the longest running in Belgium since 1965 – was an agreement among the coalition parties to keep *communal* issues out of the mainstream of political discussion.

The two centre partias, with the Liberals from both sides of the language frontier, beld 113 out of 212 seats in the outgoing parliament. They have sought to give an impression of stability rare in recent Belgian history.

Bonn opposition problems mount as SPD treasurer resigns

BY PETER BRUCE IN BONN

WEST GERMANY'S main opposition party, the Social Democrats (SPD) was plunged into an embarrassing crisis yesterday by the sudden, and apparently angry, resignation of one of its most senior members, Herr Hans-Jurgen Wischnewski, as party Treasurer.

Herr Wischnewski left the post accusing the party's parliamentary leader, Herr Hans-Jochen Vogel of behaving "like a primary school teacher" and warning that the SPD is running out of money.

The resignation, which could not have been more badly timed – SPD later in the day attempted to unseat Herr Friedrich Zimmermann, the Interior Minister, for his role in the latest Bonn spy scandal – is thought likely to unleash a damaging round of infighting within the party.

The SPD leadership, which has been carefully trying to conjure up a state of calm within its ranks well ahead of the next general election, scheduled for February 1987, greeted the departure of Herr Wischnewsky with dismay yesterday.

The party is understood to be close to naming Herr Johannes Rau, premier of the state of North Rhine Westphalia, as its candidate to run against Chancellor Helmut Kohl in 1987. This would mean bypassing Herr Vogel, and would be a major political setback for the current parliamentary leader.

Herr Wischnewski is understood to have disagreed with Herr Vogel earlier this week over party finances. The former treasurer had wanted to effectively close down the loss-making SPD newspaper, "Vorwarts," or merge it with a magazine sold exclusively to paid-up members. The party's national executive is said to have turned him down on Monday and he resigned, in a letter to Herr Willy Brandt, party chairman, early yesterday morning.

In the letter, Herr Wischnewski warned Herr Brandt that the SPD was no longer recieving any contributions worthy of note, that party funds were being wasted, that membership was declining and that an increase in campaign funds for next year could now be ruled out.

"Moreover," he wrote. "I am no longer prepared to take the primary school teacher manner of Hans-Jochen Vogel." Herr Wischnewski will also give up his seats on the party's most senior body, the praesidium, and on the national executive.

Her Wischnewski, a former vice-president of the SPD (he gave way in this office to Herr Rau in 1982) has held a series of high ranking posts in the party, and in government. He has been a minister in the Foreign Office and under Herr Helmut Schmidt, in the Chancellor's office. He is credited with being the driving force behind the spectacular rescue of passengers from a hijacked Lufthansa aircraft in Mogadishu, Somalia, in 1977.

Herr Brandt said he regretted the resignation, but called the attack on Herr Vogel "unnecessary."

The SPD is known to be in financial difficulty. The party is also likely to finance the next election campaign from funds collected at a local level and not solely out of central finances.

British union split widens

Continued from Page 1

general secretary and leader of the new National Federation, was in Blackpool earlier this week for talks with EEPTU leaders on a possible merger with the electricians – one which would appear probable if the EEPTU is expelled from congress.

It appeared last night, as the Amalgamated Union of Engineering Workers' *executive met* in Blackpool, that they would refuse to conform with the TUC's demand that they cease taking state aid for ballots – thus making likely their suspension from congress today.

The TUC decisions were greeted as a boost to the Government by Mr Norman Tebbit, who took up his *new post as Conservative* Party chairman yesterday.

"We have got off to a super start today in every way," be said, "not least because the TUC conference has celebrated my *arrival* here (at Conservative Central Office) by doing all sorts of dafter (more stupid) things than even I thought was possible."

French Socialist camp gets ready to canvass

Continued from Page 1

There are already plenty of signs of the party fraying at the edges, with M Michel Rocard, the former agriculture minister, declaring his candidacy *for* the *presidency*; the open dispute that emerged in the summer over whether the party should move to the centre as part of a "Republican front"; and the understandable bitterness of a great many deputies who are being given places on the Socialists' lists of candidates where they will inevitably lose their seats.

M Jospin, who took over the running of the party from M Mitterrand in 1981, has the reputation of being insufficiently tough. He failed *to curb the note of class warfare* and revenge that burst through at the party's 1981 victory congress and which did it much damage in the eyes of the public.

With *his* shock of curly grey hair, and thin rimmed spectacles, he looks like a Protestant preacher. His politics are fired with a passionate moral concern and preoccupation with Third World issues thet have won him a "boy scout" label and the enmity of the right. Over the Greenpeace affair he is adamant that those who blew up the Rainbow Warrior must be brought to justice.

Unexpectedly this summer, however, Jospin showed that he could be tough. Faced with a soft footed manoeuvre by M Fabius to take the running of the campaign out of his hands, he responded by a public threat of resignation that left the *Socialist leadership gasping. M* Jospin still believes that he had no choice because his efforts to pursue the matter privately had failed.

At stake he believes were issues of the independence of the party in relation to the Government and presidency, its future policy and leadership and the choice of candidates for the parliamentary elections. His strong tactics worked; and for the moment be has reinforced his own grip on the party and its influence on the running of the campaign.

For M Jospin there is no doubt that the party's *future remains* that of a large popular party of the left – comparable to the Social Democrat party in West Germany or tha Socialist movement in Britain and as capable of forming a government. He is totally opposed to it making "Republican" alliances to the centre in which it would risk losing its identity – the fate of the SFIO Socialist movement in France in the 1950s and the tactic favoured by M Fabius for the immediate years ahead.

M Jospin spelled out his position in his declaration last month to the party's executive committee: "I agree that the party should seek to open up and recruit more widely, but I reject the idea that it should lose its identity in a political body put together for the needs of the moment. A major political organisation can only survive as part of a major movement of history. Ours is Socialism."

Rather than see Socialist beliefs diluted in a coalition government after 1986, M Jospin would prefer the party to be in opposition. He told the committee: "If the party does not have enough seats nor sufficient political allies to govern on the basis of its own positions and values and on a policy of the left, it should be in opposition."

As successor to M Mitterrand at *the Socialist Party, there is* little doubt that M Jospin would also like to succeed him as Socialist candidate for the Elysée.

His principal weakness is that he has had no ministerial experience. On the other hand, be is often ranked third in the Socialist Republic. "There are some 40 ministers," he once said, "but only one First Secretary."

Malaysia picks Pratt & Whitney engine

By Wong Sulong in Kuala Lumpur and Chris Sherwell in Singapore

ROLLS-ROYCE of the UK has lost a much sought-after $40m Malaysian aircraft engine order to Pratt & Whitney of the U.S. after the Malaysian Government overrode an accord between the engine manufacturer and its own national airline.

The order represents a major setback both for Rolls-Royce and for General Electric of the U.S., the two regular engine suppliers to Malaysian Airline System (MAS).

It gives Pratt & Whitney, however, an important toehold in Malaysia to add to its *established South-East Asian presence* in Singapore and Indonesia.

Rolls-Royce, which is awaiting the outcome of a $137m engine order for Indian Airlines, would not comment on the Malaysian decision.

The Malaysian order was for engines on a Boeing 747-300 ordered *in June. Rolls-Royce* had *strong* expectations of supplying the engines. MAS's two existing 747-200s are both powered by Rolls-Royce engines, but the Malaysian Cabinet refused to ratify the airline's latest decision and ordered a review of its purchasing strategy over the longer term.

The final decision in favour of Pratt & Whitney was made last week by Mr Daim Zainuddin, the Finance Minister, and has disappointed both Rolls-Royce and General Electric, which felt that in both fuel efficiency and maintenance costs to MAS they had a clear technical advantage.

Having had its position underscored *as the smallest* of *the big* three 747 engine suppliers, Rolls-Royce may decide to enlist the support of the British Government in complaining about the way the latest nrder was *lost*.

World Weather

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	S	26	79	Dubrovnik	S	27	81	Malaga	S	24	75	Salzburg	F	25	77
Akrotiri	R	29	84	Faro	S	30	86	Malta	S	29	84	Seoul	F	29	84
Algiers	S	29	84	Florence	—	—	—	Manila	R	28	82	Singapore	R	24	75
Amsterdam	R	14	57	Frankfurt	C	15	59	Miami	S	24	75	Stockholm	F	17	63
Athens	S	33	91	Funchal	S	25	77	Milan	C	24	75	Strasbourg	C	15	59
Bahrain	S	39	102	Geneva	R	17	63	Moscow	C	15	59	Sydney	F	16	61
Bangkok	R	33	91	Gibraltar	Fg	21	70	Munich	C	21	70	Taipei	S	33	91
Barcelona	R	27	81	Guernsey	F	15	59	Nairobi	—	—	—	Tangier	S	28	82
Beirut	C	28	82	Helsinki	F	18	64	Naples	—	—	—	Tehran	—	—	—
Belgrade	S	28	82	H. Kong	R	27	81	New Delhi	S	33	91	Tel Aviv	S	29	84
Berlin	R	16	68	Innsbruck	F	25	77	New York	F	21	70	Tenerife	S	26	79
Biarritz	R	20	68	Inverness	R	11	52	Nice	S	24	75	Tokyo	C	28	82
Blackpool	C	15	59	Istanbul	S	28	82	Oporto	F	23	73	Toronto	C	15	59
Bordeaux	C	20	68	Jersey	C	15	59	Oslo	S	12	54	Tunis	R	34	93
Brussels	F	14	57	Jo'burg	F	22	72	Paris	C	16	61	Valencia	R	31	88
Budapest	S	25	77	Las Palmas	S	29	84	Prague	F	22	72	Venice	F	26	79
B. Aires	F	14	57	Lima	C	19	66	Reykjavik	C	8	46	Vienna	S	24	75
Cairo	S	31	88	Lisbon	S	25	77	Rio de J'o	—	—	—	Warsaw	S	23	73
Cape Town	R	19	66	Locarno	S	19	66	Rome	F	28	82	Zurich	R	16	61
Caracas	C	27	81	London	F	16	61								
Casablanca	S	29	84	Los Angeles	C	19	66								
Copenhagen	R	14	57	Luxembourg	R	13	55								
Corfu	R	31	88	Madrid	S	32	90								
Dublin	R	15	59	Majorca	S	28	82								

Readings at mid-day yesterday:

C-Cloudy D-Drizzle F-Fair Fg-Fog R-Rain S-Sun Sl-Sleet Sn-Snow T-Thunder

SECTION II – COMPANIES AND MARKETS
FINANCIAL TIMES
Wednesday September 4 1985

Canada to tighten rules in wake of bank failures

BY BERNARD SIMON IN TORONTO

THE CANADIAN *Government* plans to introduce legislation to strengthen the powers of bank regulators in the wake of last weekend's collapse of two Alberta banks, Canadian Commercial Bank and Northland Bank.

Mrs Barbara McDougall, Minister of State for Finance, said yesterday that the Government will also ask parliament to investigate the affairs of the two banks, and will set up a private sector panel to propose ways of strengthening regulation fo financial institutions.

The proposed measures, coupled with a Government assurance that all depositors in the two banks will be compensated for losses, reflect Ottawa's efforts to assure the public that the troubles at CCB and Northland will not affect the overall stability of the Canadian banking system.

The Bank of Canada precipitated the collapse of the two banks by withdrawing the support given to them in recent months in the form of short-term loans. Both banks had a heavy exposure to the depressed property and energy markets in western Canada. Their problems were exacerbated by depositors' nervousness after the Canadian Government and six large banks devised a bail-out package for CCB last March.

Mrs McDougall said that the legislation to be presented soon, will give the minister of finance authority to prevent the transfer of ownership of federally regulated financial institutions such as banks where the transfer is deemed to be contrary to the public interest. Federal regulators will also be able to take action earlier to curb activities threatening the viability of these institutions.

The Government disclosed yesterday that about one-third of CCB's outstanding loans were non-performing. Although it declined to reveal the size of the bank's loan portfolio, CCB's assets total roughly C$2.7bn ($1.98bn).

Italy wins fine terms for floater

THE ITALIAN Treasury yesterday awarded the mandate for its Ecus 300m floating rate note to Bankers Trust, but decided not to launch a fixed-rate issue, at least for the time being. Fixed-rate Ecu Eurobonds and other currency sectors were suffering yesterday as the dollar made further gains, **writes Maggie Urry in London.**

Following a high level of competitive bidding for Italy's issue tight terms were set, while some traders said the large size of the deal would make it move slowly. The issue amount is the largest floater yet in the Ecu market, and once the bonds have been placed, that should encourage liquidity.

The seven-year bonds will pay interest quarterly at 1/16 per cent above three-month London interbank offered rate, while front-end fees totalled 18 basis points. The bonds were bid at a 15 basis point discount to the par issue price, the level at which co-managers own them.

The Ecu 100m issue for the European Investment Bank, also long expected, was launched yesterday by Nikko Securities. This is a Shogun deal – a non-yen issue sold in Tokyo.

The 10-year issue was given a 8⅞ per cent coupon and 100½ issue price. The bonds were not trading actively in Europe although the lead manager quoted them within the 2 per cent fees.

The dollar's recent recovery has brought confusion to the Eurodollar bond market, since traders are unsure whether to reverse earlier sales of dollar paper. The New York market gave no clear lead when it reopened after the Labor Day holiday and prices were mixed in Europe.

Crédit Agricole, the French farmers' bank, braved the uncertainty with a $125m five-year issue led by Shearson Lehman. This has a 10 per cent coupon but a 100½ issue price. However, syndicate managers believe the AAA rating should ensure good placement for the bonds, which were trading just outside the 1⅛ per cent selling concession by the close.

Two Japanese borrowers launched issues with equity warrants, each for $30m. Kokusai Kogyo, the aerial survey group, chose Nomura International as lead manager and Fuji Bank as guarantor for its five-year deal. This has a 7 per cent coupon and par issue price.

Sekisui Chemical's deal was led by Yamaichi International and is guaranteed by Sanwa Bank. Here the coupon is indicated at 6¾ per cent. Both issues were trading within the 1½ per cent selling concessions.

In the D-Mark bond market Deutsche Bank launched a DM 150m eight year issue for National Bank of Hungary. The coupon was set at 7 per cent, the same as for Portugal's issue on Monday, and issue price at par.

With the D-Mark market weaker yesterday by around ¼ point as a result of the firmer dollar, Hungary's issue got off to a slow start. It was quoted by the lead manager around the 1⅛ per cent selling concession, though other traders regarded the coupon as too low for the name and said the bonds were bid well outside the 2⅛ per cent fees.

In the sterling market Morgan Grenfell is placing a £75m bulldog issue for the Bank of Greece. The bonds mature in 2010 and will be priced this afternoon to give a yield 135 basis points above the gross redemption yield on the benchmark government stock, Treasury 13½ per cent 2004–08. Issue price will be set close to £90, of which £30 will be payable on September 6, with the balance due on January 17 1986.

Japanese borrowers provided the interest in the Swiss franc foreign bond market yesterday. Aoki Corporation launched a two-tranche private placement led by Swiss Volksbank. The first, for SwFr 50m, is a convertible with a five-year life and an indicated 1⅞ per cent coupon. The other portion, for SwFr 100m, comes with equity warrants. It also matures in 1990 and the coupon is indicated at 3⅛ per cent.

Ecu-dollar warrant issue launched

BY MAGGIE URRY IN LONDON

PHIBRO-SALOMON, the U.S. commodities and investment banking group, is making an issue of exchange-rate warrants giving holders the right to buy or sell European currency units in exchange for dollars.

The issue is the first such deal in Ecus, although in the past Phibro-Salomon has made sterling and D-Mark/dollar warrant issues.

Warrants to buy Ecu 150m (calls) and warrants to sell Ecu 150m (puts) are being offered. The warrants expire on September 2 1986 and holders can exercise them at any time up to that date. Salomon Brothers, which is arranging the issue in the Euromarkets, will make a market in the warrants.

The exercise price of the calls in $0.7865 to Ecu 1 and for the puts is $0.7765. Each warrant gives the right to buy or sell Ecu 10,000. Yesterday Salomon was offering the calls at $408.20 – giving a premium of 5.19 per cent – and the puts at $378.90, a premium of 4.88 per cent.

The spot exchange rate at the time of fixing the prices was $0.7850. The total value of the offering is about $12m.

Finance group buys stake in Pirelli unit

By James Buxton in Rome

PIRELLI and Company, the Milan-based holding company which has controlling stakes in the Pirelli cables and tyres group, announced yesterday that it is to merge with Caboto Milano Centrale, a Milan finance and property company.

The merger, under which Caboto shareholders will get nine shares in Pirelli and Company for every four Caboto shares, means that Caboto will hold just under 30 per cent of Pirelli and Company. The arrangement has been approved in principle by the boards of both companies.

Pirelli explained yesterday that the merger would give Pirelli and Company access to the financial services expertise of Caboto, in which Hambros Investment Company of Zurich, an offshoot of the London merchant bank, holds 20.7 per cent.

This, Pirelli says, would enable it to raise new funds for the Pirelli group.

Pirelli denied suggestions in the Italian press that the merger was motivated in part by a desire on the part of the Pirelli family to shore up its control of Pirelli and Company in the current climate at takeovers on the Milan bourse. Montedison, the chemicals group, recently acquired control of the BI-Invest company, as a consequence of a clandestine raid on BI-Invest shares by stock exchange operators.

Pirelli insists that Pirelli and Company is not vulnerable to raids of this kind. Although the Pirelli family officially controls less than 7 per cent of the company, it has created a syndicate of other shareholders that together claim to control about 40 per cent of its shares.

Last week CIR, the company controlled by Sig Carlo de Benedetti, chairman of Olivetti, issued a statement denying rumours that it was seeking to take control of Pirelli and Company in this way.

Massa flotation

MASSA, the West German family-owned supermarkets group, is preparing for a bourse flotation, possibly sometime next summer. It has had talks with a German merchant bank, and expects to go ahead with an issue of non-voting preference shares.

The company's sales last year dipped to DM 3.17bn ($1.12bn) from DM 3.29bn, net profits were steeply lower at DM 26.3m against DM 34.7m.

Genstar

GENSTAR'S share price has fallen in recent weeks from C$34 to C$32, not to C$22 as inadvertently reported yesterday.

RELAXED OWNERSHIP CONTROLS LEAD TO SCRAMBLE FOR U.S. NEWS OUTLETS

Media groups tune to takeovers

BY TERRY DODSWORTH IN NEW YORK

THE EVENING News Association, a Detroit-based newspaper and television group, was selling its stock for $50 a share only two years ago.

Last year the closely-held group made a $13m profit.

Yet today, after a lengthy bidding war, the same stock is being bought for $1,583 a share. The purchaser is the Gannett Group, working in a framework which values the Evening News Association at $717m.

However expensive this deal may appear, it merely reflects the high price of assets in an industry where companies are scrambling to buy whatever is available. In the past year or so, as media profits have surged ahead, takeover fever has reached a peak, driven by two underlying forces.

First, in the newspaper business proper, the big, expanding national groups such as Gannett, Times Mirror and Knight-Ridder, are intent on consolidating their grip across the country, while powerful regional groups, such as the New York Times, are moving beyond their traditional base. The New York paper is now well on its way to national distribution.

Most of these larger groups are currently flush with cash. Their advertising revenue has been swollen by almost three years of economic recovery, and they commonly earn between 15 and 20 per cent on their equity. Their biggest collective problem is to find outlets for their excess funds.

Partly because of the expansion of the larger groups, the old family newspaper companies, often a legacy of the pioneering days, are dying out, absorbed by professionally-managed, publicly-held concerns.

The Evening News Association is one of the old guard. It was founded in 1873, and owned largely by descendants of James E. Scripps. Another is the Des Moines Register and Tribune, one of the most highly-respected newspaper groups in the country, which agreed to be acquired this year. Gannett, bidding against Dow Jones, emerged victorious in that contest as well, spending about $200m in a deal regarded as expensive by most analysts.

Another bid battle emerged this week with a $893m offer for Freedom Newspapers, a California-based newspaper and TV station group. The $96 a share offer from Mr Harry Hoiles, son of the company's founders, is reported to have been rejected by the company.

The second factor in the takeover spree is the intense interest that has been sparked in the radio and television sector by the relaxation of the regulations governing station ownership.

The airwaves have always been closely watched by the authorities who wanted to prevent the domination of the media by one monopolistic organisation. Under rules that had existed for the past 10 years, no individual or organisation could own more than seven TV stations, seven AM radio stations, and seven FM stations. In a controversial decision, these limits have now been lifted to twelve of each, leading to a wave of expansionary moves by established organisations, and a rush by new investors to enter the industry.

One example of the speculative interest running through broadcasting was the acquisition of the KTLA-TV station in Los Angeles earlier this year by Tribune, owner of the Chicago Tribune and the New York Daily News. KTLA was acquired in a leveraged management buyout in 1983 by Kohlberg, Kravis Roberts, the New York investment firm, for $245m. When the investment group sold the station to Tribune three months ago, it collected $510m in cash.

Television, and to a lesser extent radio, is also the key to the Evening News agreement. The group owns five stations, one of them strategically located in the large Washington market, and the other four in the South, spread across Arizona, Oklahoma, Alabama and Texas.

Its radio stations are in Detroit, and it also has two small newspapers in California and New Jersey.

Gannett already owns six television stations and 16 radio outlets, so the acquisition of the Evening News will make it a significant player in the market, particularly with the Washington TV subsidiary in its pocket.

Tribune, however, remains the giant in television, with an overall share of the nation's television audience reckoned at 19.6 per cent after the Los Angeles acquisition.

In common with most of the other companies on the acquisition trail, Tribune has paid highly for its expansion. The KTLA purchase is expected to dilute earnings for a year or two, and will give it a more highly-geared balance sheet than most companies in the industry. Debt will probably rise to around 40 per cent of total capital. Analysts calculate that it has purchased the station for around 12 times operating cash flow, against a normal purchase ration of 9 times cash flow only two years ago. Operating cash flow, or operating profits before interest, is a widely used benchmark ratio in the U.S. television industry.

Despite the scepticism of some industry specialists about acquisitions at these price levels, many still argue that now is an appropriate time to be aggressive. According to this school of thought, the television industry is bound to go through a shake-out as it readjusts to the new rules just written by the Federal Communications Commission and it is best to plunge in and grab a significant stake while it is still possible.

This thinking explains the most dramatic move in the sector so far – the takeover of Metromedia, a highly indebted group of six television stations, by Mr Rupert Murdoch, the Australian-born publisher, in a deal which he is presently trying to refinance. Because of that agreement, Mr Murdoch has burst onto the scene as a broadly-based communications entrepreneur, with interests, like the U.S. majors, in both newspapers and television.

Amex seeks European market for options

BY PAUL TAYLOR IN NEW YORK

THE AMERICAN Stock Exchange (Amex) has launched a major European marketing drive promoting its option instruments to oversea investors.

The focus of the European marketing effort, formally launched at the Swiss Commodities and Futures Association conference in Buergenstock, Switzerland last week, are the recently introduced Amex gold options contract and the well – established Amex major market index option, one of the booming U.S. stock index options contracts.

The Swiss conference kicks off a nine-city tour by two senior Amex executives, Mr Frank Magnani, director of international options marketing and Mr Joseph Stefanelli, vice-president of options marketing. During the tour the Amex executives hope to meet leading European financial institutions, fund managers, brokerage firms and government officials.

The Amex launched its gold options contract amid a blaze of publicity in April this year. Like other U.S. exchanges the Amex has been activley seeking to expand overseas interest

SWITCH OF SALES EMPHASIS SPEEDS PROFIT RECOVERY

Atlas Copco survives pressure

BY DAVID BROWN IN STOCKHOLM

ATLAS COPCO, the Swedish industrial, mining and construction equipment group, has managed to claw its way back to respectable profitability after the worldwide recession which left many of its major international competitors reeling.

The strength of the U.S. dollar, which shackled the likes of Ingersoll-Rand, Dresser Industries and Cooper Industries – coupled with a draconian rationalisation scheme – helped put the group on the road to its best-ever result this year after the sharp declines of 1982 and 1983.

The restructuring, which started in 1981, involved closure of 12 out of 46 plants and the laying off of 4,000 employees – some 20 per cent of the workforce.

It has also engineered an important shift in its sales pattern. Mining and construction equipment generated fully 85 per cent of turnover in 1978, and it was precisely these sectors which were hardest hit by the ensuing downturn.

Budget strains in the industrialised world, coupled with payments problems in developing nations, led to heavy drops in construction activity. Meanwhile, a broader trend towards lower metals consumption led to a drastic contraction of the mining industry.

The market for such equipment as portable compressors and crawler-mounted rock drills practically disappeared. Earnings plummeted from SKr 570m ($68m) to SKr 353m in 1982, then dropped a further SKr 100m to SKr 253m the following year.

But selective pruning plus the introduction of a number of new products in the past two years have cut Atlas Copco's dependence on these sectors by 15 per cent, rising the share of sales generated by industrial customers to 50 per cent of the group total.

Mr Tom Wachtmeister

"The improvement in earnings comes largely from this change," says Mr Tom Wachtmeister, group managing director.

At the same time, the strength of the dollar, coupled with the late 1982 devaluation of the Kronor by 16 per cent, proved crucial factors for a company with 92 per cent of its sales outside Sweden.

Despite an overall contraction, it was able to maintain and in some cases significantly increase its relatively high average market shares, which now range from 4 per cent in the U.S. to 15 per cent in Europe and 23 per cent in the developing world. It has also had notable success in penetrating potential new growth areas such as China.

Having lost some 18 per cent in volume sales during those years, Atlas Copco was able to match the downturn with an equal gain in 1984 and 1985, helped by strong investment in western Europe which generated fully half the group's total SKr 9.1bn sales last year.

Ingersoll-Rand, its major international competitor, has only been able to claw back a third of the 30 per cent volume lost during 1982-83. Its recovery last year, measured again in volume terms, was only half the 12 per cent increase noted by Atlas Copco.

The group recently reported a sharp 43 per cent rise in earnings to SKr 422m for the first half, further consolidating the gains of 1984 when earnings doubled to SKr 573m.

Beyond its steps to rationalise production, Atlas Copco has also managed to cut the relative level of its tied-up capital, despite a strong increase in invoiced sales, and has made some important shifts in its product mix.

Inventory management has played an important role. Inventories as a percentage of total sales were cut by 10 points to just over 30 per cent by 1980, which the group estimates has saved it some SKr 250m over the past five years.

Atlas Copco's largest division, Airpower, contributed the bulk of the improvement in group earnings last year, up SKr 200m to SKR 390M. With its headquarters and largest plant in Antwerp, Belgium, the division produces a wide range of compressors. Invoiced sales climbed 17 per cent in the first half to SKr 2.33bn.

The division has developed and introduced a number of specialised oilfree compressors for the pharmaceuticals, electronics, food processing and textiles sectors, as well as a new line of compact oil-injected screw compressors.

In a major 1984 acquisition, it took over the gas compressors division of Linde of West Germany. A costly and controversial rationalisation scheme is expected to yield profits starting next year.

The group's second major unit, MCT, has taken the brunt of the recession in this industry. The climate improved somewhat in 1984, though mainly in the underground sector where Atlas Copco has an estimated 40 per cent share of the world market.

Demand in the surface equipment sector for the contracting industry remains weak. Overall, first-half sales climbed 16 per cent to SKr 1.76bn, but order bookings rose at the lower rate of 11 per cent.

Late last year, after heavy losses in its U.S.-based Jarva tunnel boring operation, the group closed the company and transferred production to Kvaerner of Norway at heavy cost, some of which has been carried over into 1985.

Of the remaining divisions, tools fared well after the closure of three out of six plants and a product development programme which left it less dependent on ailing industries such as shipbuilding.

This year the group expects sales to exceed SKr 10bn and some analysts have suggested that a SKr 750m-plus result is not out of the question.

Despite its major restructuring and improved market shares, several questions remain over Atlas Copco's development beyond this year.

Investments in the U.S. have levelled off, and may not show significant growth on Atlas Copco's other major markets in 1986. There are doubts, too, about the development of the political situation in South Africa,

Yet another factor, as the competitive advantages of the Swedish devaluation dwindle, is the development of the dollar exchange rate.

Haniel buys stake in Tokyo freight group

BY OUR FRANKFURT STAFF

FRANZ HANIEL, the West German trading and transport group, is widening its air freight forwarding interests *by taking a 35 per cent stake* in Unitrans of Tokyo.

Unitrans, which arranges worldwide air freight to and from Japan, is at present an equal partnership of Mitsubishi Warehouse and Transportation of Japan, and the Kuehne & Nagel freight forwarding concern of West Germany. Kuehne & Nagel is withdrawing at the end of next month to operate on its own.

Haniel will step in from November 1 through its Haniel Spedition subsidiary, and Unitrans will then co-operate with the West German group's Air Haniel freight forwarding organisation.

Franz Haniel is one of West Germany's largest family-owned concerns, with widespread *interests* abroad, especially in the U.S.

Its revenue rose by 50 per cent to *DM 13.56bn ($4.82bn)* last year, partly because Haniel took over the Flickinger food retailing and wholesaling chain in the *U.S.* to add to its Scrivner food chain.

Haniel said yesterday that with the latest deal it aimed to build up its air freight forwarding activities by working with Mitsubishi, which would retain a 65 per cent stake in Unitrans.

● Westdeutsche Landesbank plans to raise DM 250m ($89m) on the domestic capital market through the issue of a zero coupon bond. The bond will have a maturity of 20 years and be issued at 25.90, an effective issue *yield of 6.96 per cent.*

Bouygues attacks state plans for Framatome

*BOUYGUES, the French construct*ion and public works group, has openly criticised the Government's *decision to place the majority of the* capital of Framatome, the nuclear construction company, with state-*controlled* enterprises.

Bouygues disclosed in a statement that the Government had offered it a 10 per cent stake in Framatome in return for FFr 200m ($23m). Bouygues said it turned down the offer because to accept would have constituted a tacit approval of Framatome's "nationalisation".

Details emerged over the weekend of the Government's restructuring of Framatome's capital following the collapse of Creusot-Loire, the heavy engineering group. Fram*atome's capital is shared equally by* Creusot-Loire and the French Atomic Energy Commission.

The Government's plans – described by Bouygues as incomprehensible – call for the Cie Generale d'Electricité (CGE) group to become Framatome's biggest single stockholder with a 40 per cent interest. The Atomic Energy Commission's 50 per cent interest will be reduced to 35 per cent, and the state-owned power utility, Electricité de France (EdF), is being allocated a 10 per cent stake.

Dumez, a privately-owned construction company will acquire a 12 per cent interest in Framatome. The remaining 3 per cent is to be subscribed by the personnel of the nuclear power plant builder. AP-DJ

BankAmerica to repay interest gains

BANKAMERICA, the second biggest U.S. bank holding company, has agreed to make interest payments ranging from $176 to $800 to as many as 170,000 mortgage holders. The recipients are people whose tax and insurance pre-payments were used, interest free, to earn a *profit* for the bank, reports AP-DJ from San Francisco.

A bank official said no estimate had been made of the total payout, potentially tens of millions of dollars, because BankAmerica was uncertain how many of the mortgage holders would file claims for the payments.

However, the amount would be "far less" than the $101m awarded to plaintiffs in a 1982 California Superior Court decision, he said.

The bank holding company said the payments are being made to settle a 13-year-old class-action lawsuit that accused the company's Bank of America unit of failing to pay interest on *so-called* "impound" accounts between 1968 and 1975.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. The following are closing prices for September 3.

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Amex Credit 10⅞ 90	100	101⅝	102⅛	0	0	10.32
Amex Credit 12¾ 88	150	106⅜	106⅞	+0¼	0	10.02
Atlant Richfld 10¼ 90	250	95	95½	+0⅛	−0¼	10.90
Australia Com 11¾ 90	100	102⅞	103⅜	0	−0¼	10.89
Australia Com 11 95	200	102⅞	103⅜	+0⅛	0	10.46
BP Capital 11⅝ 92	150	103	103½	0	+0⅜	10.38
Canada 11½ 90	500	105⅞	106⅜	+0⅛	+0⅜	9.75
Canadian Pac 10¾ 93	100	100⅞	101⅜	+0⅛	+0⅛	10.51
Canadian Pac 12½ 99	75	107⅝	108⅛	+0¼	+0½	11.35
CBS Inc 11⅝ 92	100	†104	104½	+0½	+0¾	10.49
Chevron U.S.A. 12¼ 89	600	105½	106	+0½	+0½	10.44
Citicorp 11½ 95	150	100⅞	101⅜	0	−0⅜	11.29
Coca Cola 11¾ 91	100	107⅞	108⅜	+0¼	+0¼	9.90
Denmark Kingdom 11¼ 89	100	102⅝	103⅛	0	+0⅛	10.23
Denmark Kingdom 11½ 90	100	104	104½	0	−0⅛	10.28
Denmark Kingdom 11½ 92	100	103¾	104¼	+0⅛	−0⅜	10.39
Denmark Kingdom 13¼ 91	100	110⅞	111⅜	0	−0⅛	10.56
E.D.F. 10 95	225	95⅝	96⅛	−0⅛	−0¼	10.59
E.E.C. 11⅛ 89	100	103¼	103¾	+0⅛	−0⅛	10.07
E.I.B. 12 95	200	107⅛	107⅝	0	−0⅜	10.71
Export Dev Corp 10 90	100	100⅛	100⅝	+0⅛	+0⅛	9.87
Export Dev Corp 12 89	100	106⅛	106⅝	+0⅛	0	10.03
Fed Dep Stores 10⅜ 95	100	97	97½	0	0	10.58
Ford Motor Cred 11⅝ 90	100	102⅜	102⅞	+0¼	−0⅛	10.56
Ford Motor Cred 11⅝ 95	100	102⅜	102⅞	−0⅛	−0¼	11.14
Ford Motor Cred 11¾ 92	100	103⅜	103⅞	+0⅛	−0⅛	10.93
Ford Motor Cred 12 95	100	104⅞	105⅜	−0⅜	−0⅛	11.07
Gen Elec Credit 10¼ 90	200	100⅜	100⅞	0	−0½	10.15
GMAC 10⅛ 89	200	100¾	101¼	0	−0⅛	9.88
IBM Credit 10⅜ 2000	300	101½	102	0	−0⅜	10.12
Kellogg Company 10⅞ 90	100	103	103½	+0⅛	−0⅛	9.89
Kellogg Company 11¼ 92	100	104¼	104¾	+0⅛	+0⅛	10.23
L.T.C.B. 12⅞ 91	100	109¾	110¼	0	−0¼	10.56
Macy Cred Corp 11¾ 95	100	104⅜	104⅞	+0⅛	−0½	10.91
Mellon Bank 15 87	100	105½	106	+0⅛	0	9.89
Merrill Lynch 12¼ 90	100	106	106½	+0⅛	0	10.75
Monsanto 11½ 87	100	103⅝	104⅛	0	−0⅛	9.37
Mitsui Trust 11⅝ 90	100	102⅞	103⅜	0	+0⅛	10.74
Morgan Guaranty 12⅜ 89	100	106⅞	107⅜	+0⅜	0	10.15
Penney J.C. 12¼ 91	100	†108⅛	108⅝	+0⅛	+0⅜	10.57
Pru Realty secs 12½ 95	546	106¾	107¼	+0⅞	+0⅛	10.87
Qantas Airways 10⅜ 90	140	99	99½	−0⅛	−0⅛	10.49
Quebec Hydro 11½ 92	100	103⅞	104⅜	+0⅛	+0⅛	10.63
Queensland Govt 10¼ 95	100	97⅜	97⅞	0	−0¼	10.64
Ralston Purina 11⅝ 95	150	104⅜	104⅞	−0¼	−0⅜	10.93
Ralston Purina 12⅜ 99	100	107¾	108¼	+0⅛	−0⅛	10.25
Saskatchewan 10¾ 92	100	102	102½	+0¼	+0⅛	10.23
Saskatchewan 11⅞ 99	100	105½	106	0	−0⅛	10.10
Statoil 10 90	170	99⅛	99⅝	0	0	10.16
S Wales Trsy 11¾ 00	150	105⅛	105⅝	−0⅛	−0¼	10.21
Swed Exp Cred 10 92	100	97½	98	+0⅛	0	10.46
Swed Exp Cred 12¾ 89XW	100	107⅞	108⅜	+0¼	+0¼	10.19
Sweden Kingdom 10⅞ 90	200	102⅛	102⅝	0	−0⅛	10.18
Sweden Kingdom 11½ 89	200	105⅛	105⅝	+0½	+0½	9.67
Sweden Kingdom 11¾ 94	100	105¼	105¾	−0¼	−0⅛	10.76
Tenneco Corp 10¾ 95	150	100½	101	−0⅜	0	10.61
Texaco Capital 11⅜ 95	250	101¼	101¾	0	0	10.85
Tokai Asia 11½ 95	100	102¾	103¼	0	+0⅛	10.96
Victorian Rep 11⅝ 92	150	104½	105	0	−0⅛	10.57
World Bank 10⅛ 95	300	97¾	98¼	0	−2½	10.45
World Bank 12⅞ 94	200	111⅜	111⅞	0	−0½	10.79

Average price change On day +0⅛ on week −0⅛

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev Bank 8 94	200	107¼	108	0	+0⅛	6.84
Austria Republic 7⅜ 94	200	105⅝	106⅛	−0¼	0	6.71
Baxter Travenol 7¼ 94	200	103½	103⅞	0	+0¼	6.80
Copenhagen 7⅜ 95	150	101⅞	102⅜	+0⅛	+0¼	7.03
Credit National 8⅛ 94	200	107⅞	108⅜	−0⅛	0	6.80
E.I.B. 7¼ 94	300	103¾	104¼	−0¼	0	6.65
Escom 8 92	150	95⅝	96⅛	+0¾	−1⅛	8.86
Ex-Im Bk Korea 7⅜ 90	100	99⅛	99⅝	0	0	7.77
Ferrovie Dello Stato 8 91	100	106⅝	107⅛	−0⅜	−0½	6.45
Finland Republic 7 92	200	101⅜	102½	+0⅛	+0⅛	6.57
Gould Int Fin 7⅜ 91	100	105⅞	106⅜	−0½	0	6.28
Ireland 8⅛ 92	150	105⅞	106⅜	−0¼	0	6.92
Japan Fin Corp 7⅜ 91	100	105⅝	106⅛	−0⅜	−0¼	6.40
Mitsubishi Hvy 3½ 89WW	300	155	156	+0⅛	+1½	−8.95
Mitsubishi Hvy 3½ 89XW	300	90⅞	91⅞	0	−0⅛	5.58
Mitsubishi Met 3¾ 89WW	100	106⅞	107⅝	−0¼	−0⅞	1.37
Mitsubishi Met 3¾ 89XW	100	90⅞	91⅝	0	0	5.46
Quebec Hydro 7⅞ 95	200	104	104¾	−0½	+1	6.50
Renfe 7¾ 95	100	104⅜	104⅞	−0½	−0⅛	7.07
Renown 3⅛ 90	80	106⅝	107⅝	+0¼	−0⅜	1.58
Soc Cent Nuclear 7¼ 95	150	101¾	102½	0	+0⅜	6.94
Societe Cent Nuclear 8 91	100	107⅝	108⅜	0	+0½	6.31
Sth African Tran 7⅜ 92	100	90⅛	90⅞	−0¾	−3⅜	9.49
World Bank 7 90	600	†102	102½	−0¼	−1½	6.68
World Bank 7¾ 89	100	103¼	104	0	−0⅛	6.82

Average price change On day −0⅛ on week −0⅛

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
African Dev Bk 6¼ 94	100	†101½	102	0	+0⅛	5.99
Avon Cap Corp 5⅜ 94	130	†99½	100	0	+0⅜	5.41
Brit land Comp 6½ 99	75	†103½	104	−0⅜	+0½	6.09
Council of Europe 6 92	120	†103½	104	−0⅛	+0⅜	5.38
Creditanstalt 5½ 94	100	†99	99½	+0½	+0½	5.56
Deutsche Bk Fin 5⅝ 95	100	†101½	102	+0⅜	+0⅝	5.13
E.I.B. 5⅞ 94	120	†102¼	102½	+0¼	+0½	5.53
Export Dev Corp 5⅝ 92	125	†101¾	102½	+0¼	+1	5.01
Gen Occidentale 4½ 94	80	†103	103½	+0½	+0⅝	4.07
I C Industries 5⅝ 94	125	†101½	102	−1	+0⅜	5.38
Ind Fund Fin 5¾ 94	40	†102	102½	0	−0⅜	5.43
Int-Am Dev Bk 6⅛ 94	120	†103	103½	−0½	+1	5.66
N.Zealand steel 5¾ 96	70	†99¼	99¾	0	+0⅛	5.81
Oberos Ktwk 5⅜ 95	100	†99	99½	0	+0⅜	5.47
Ralston Purina 5⅝ 94	125	†101	101½	+0¾	+0⅜	5.20
Santos Finance Ltd 6 94	130	†100	100½	0	+0⅝	5.98
Tokyo Elec Pwr 5½ 93	120	†100	100½	−0¼	−0⅛	5.45
Tokyo Metropolis 5¼ 94	80	†99	99½	0	+0⅝	5.36
World Bk 5⅝ 94	150	†101	101½	−0¼	−0⅛	5.57

Average price change On day 0 on week +0½

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Finland Republic 6¾ 90	15	100½	101	0	−0⅛	6.55
Gdyr Tr & Rubber 7⅛ 95	25	98⅞	99⅜	−0⅛	+0½	7.30
Mort Bk Denmark 7 92	10	100⅜	100⅞	+0⅛	+0⅛	6.87
New Brunswick 7⅛ 90	10	102	102½	0	0	6.60
Swed Exp Cred Zero 90	14	72¼	72¾	0	0	6.55

Average price change On day 0 on week +0⅛

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Chrysler Fin 13½ 92 SA	55	101⅛	102⅛	+0⅛	+0¼	13.18
Rural & Inds. 13¼ 88SA	50	97¼	98¼	−0⅛	−0⅛	14.22
SBSA Finance 13 90 SA	50	96⅛	97⅛	−0½	−0½	14.30
State Bk NSW 12¾ 90 SA	75	96	97	−0⅛	−0⅛	13.78
Amex 10¾ 89 CS	60	100⅞	101⅜	−0⅛	−0⅛	10.42
Genstar Fin 11¾ 90 CS	75	98¾	99¼	+0⅛	+0⅛	11.91
Hamd–Wen'th 10¾ 95CS	25	†95	95½	0	−0¼	11.39
Loblaw Cos 11⅜ 92 CS	50	†100⅛	100⅝	0	−0⅛	11.52
New Brunswick 11⅝ 95CS	75	†102½	103	+0⅛	−0⅛	11.13
Shell Canada 11¼ 92 CS	75	101½	102	0	0	10.86
Winnipeg City 10⅜ 90CS	50	99⅛	99⅝	0	+0⅞	10.78
Christ Bk 10¾ 90 NS	50	92½	94½	−0¼	−0¼	15.31
DG Bank 16½ 90 NS	75	102¼	103¼	−0¼	−1	15.64
Westpac Bk 16⅛ 90 NS	50	94½	95½	−0½	+0½	16.55
Creditanstalt 8¼ 94ECU	68	96⅛	96⅞	−0½	−0⅜	8.85
Motorola 8⅜ 92 ECU	50	99⅛	99⅝	−0½	−0¼	[illegible]
Walt Disney 9⅛ 95 ECU	80	101½	102¼	−0⅛	−0⅛	8.81
Eurofima 7½ 92 FL	50	104¾	105¼	−0¼	0	6.54
Philips Lamps 7½ 90 FL	100	104⅝	105⅛	−0⅛	−0⅛	6.25
Rank Xerox 8 90 FL	100	104⅞	105⅜	−0⅛	+0⅛	6.67
Van Lanschot 7½ 90FL	80	102⅝	103⅛	−0⅛	−0⅛	6.77
World Bank 7½ 88 FL	150	104⅝	105⅛	−0⅛	−0⅛	6.20
IBM France 11⅛ 90 FF	700	99⅛	99⅝	−0⅛	−0¾	11.28
Australia Comm 11 92 £	40	100¾	101¼	+0⅛	+0⅜	10.82
BP Capital 10¾ 92 £	50	99⅜	99⅞	0	+0½	10.82
E.I.B. 11⅛ 93 £	50	100⅝	101⅛	0	+0⅛	10.92
GMAC UK Fin 10½ 90 £	30	98¾	99¼	0	+0⅛	10.75
Imp Chem Inds 11¼ 90 £	75	100⅝	101⅛	−0⅛	0	11.10
Imp chem Inds 10¾ 92 £	75	97⅞	98⅜	0	+0⅛	11.15
Mcdonalds 10⅞ 90 £	40	100¼	100¾	0	+0⅛	10.70
Mitsubishi Fin HK 11 90 £	50	99⅝	100⅛	−1⅜	−1⅜	11.00
Privatbanken 11⅛ 92 £	20	100¼	100¾	0	+0⅛	11.73
Rank Xerox 11 92 £	40	99⅝	100⅛	+0¼	+0¼	11.00
Royal Ind 10¾ 92 £	60	97⅛	97⅝	0	+0⅛	11.31
Ster Drug Cap 10⅞ 90 £	30	99½	100	−0⅛	−0⅛	10.91
Tricentrol XW 11 92 £	35	94⅞	95⅜	0	+0¼	12.07
Trusthouse Forte 11⅛ 90£	50	99½	100	0	+0⅛	11.18
World Bank 11¼ 90 £	100	102½	103	0	−0⅛	10.76
E.C.S.C. 10½ 94LF	100	102	102¾	−0⅛	−0⅛	10.08
Nat Lux Alum 10½ 92 LF	600	103⅞	104⅞	+0⅜	−0½	9.81

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
Banco di Roma 5¼ 92	0	99⅝	100⅛	27/8	9.6	9.62
BankAmerica O/S 5¼ 95	0⅛	99⅞	100⅜	3/5	8⅛	8.11
Bankers Trust 5 2000	0	99⅝	99⅞	11/8	7.69	7.71
Bankers Trust 5¼ 95	0⅛	100¼	100½	13/11	8.31	8.28
S.F.C.E. 5¼ 99	0⅛	100¼	100½	13/9	10.06	10.02
B.N.P. 5¼ 95 (July)	0¼	100	100¼	22/1	8¼	8.24
C.C.F. 5½ 97	0	99⅝	99⅞	22/9	10⅝	10.65
Chase Man'tn 5 2000	0	99⅝	100⅛	12/11	8⅛	8.14
Chase Man'tn 5¼ 2009	0⅛	99⅞	100⅜	5/9	7.81	7.80
Citicorp O/S 5¼ 95 Sep	0⅛	99⅝	99⅞	19/12	11.19	11.22
Credit Lyonnais 5¼ 96	0⅛	100¾	101	11/10	9.69	9.60
Ireland 5¼ 97	0	100⅛	100⅜	28/10	9.69	9.66
Ireland 5¼ 99	0	100¼	100½	14/9	10	9.96
Italy, Republic 5 94	0⅛	100	100½	12/11	8⅞	8.85
Lloyds Bank 5¼ Perp	0¼	99⅞	100⅛	9/12	8	7.99
Midland Bank Perp 5	0¼	99½	100	19/12	8⅛	8.15
Nat West Perp 5	0⅜	101⅛	101⅜	13/11	9⅛	9.01
Nat West Perp A 5¼ S	0⅛	99⅝	99⅞	9/1	8¼	8.27
Nat West Perp B 5¼ S	0¼	99¾	100	10/2	8.81	8.82
New Zealand 5 97 £	0	99¾	100	14/11	11.56	11.56
Queensland Coal 5¼ 96	0¼	100⅜	100⅝	22/11	9	8.96
Roy Bk Canada 5 2005	0⅛	99½	100	5/9	8⅛	8.15
Roy Bk Scot 5¼ 2005 £	0	99⅛	99⅜	1/11	11.69	11.78
Sweden Perp 5¼	0¼	100	100¼	9/1	8.31	8.30
Tokai 5¼ 99	0⅛	100¼	100½	12/12	8⅛	8.09

Average price change On day 0 on week 0

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
Ajinomoto 3 99	4/84	1053.84	119¾	120¾	−2	3.55
Comcast 7 2000	12/85	23.875	†103¾	104	−	27.18
Fanuc 3¾ 98	1/84	7032.3	142½	143¾	−0½	35.04
Fujitsu 3 99	5/84	1320.9	79⅜	80⅜	−0⅜	26.12
Kumagai Gumi 3½ 2000	3/85	600	148½	149¾	−2⅜	−0.50
Marui 3½ 99	7/84	1162	123¼	124¼	−0⅛	1.08
Mitsubishi Elec 2⅞ 00	3/85	422	89¼	90¼	−0⅜	3.36
Murata 3½ 99	2/84	2351.2	84⅞	85⅞	−0¼	31.43
Murata 3½ 2000	7/84	2398	84⅜	85⅜	−0⅜	34.23
Nippon Elec 2⅛ 2000	1/85	1295	79	80	−0⅛	19.98
Nippon Oil Co 3 2000	5/85	923	98⅛	99⅛	−2¼	2.66
Oki Elec Ind 3½ 99	10/84	805	85⅜	86⅜	−0⅛	34.80
Orient Leasing 5¼ 98	6/83	2680	95	97	0	0.08
Sekisui House 3 99	6/84	812	140½	141½	−0⅞	1.77
Sumitomo Bank 2⅞ 2000	8/85	2142	99⅛	100⅛	−1¾	15.28
Sumitomo Corp 2⅞ 99	5/84	593	118¾	119¾	−0¾	8.10
Taiyo Yuden 3½ 2000	3/85	1078	80½	82	−0¼	−1.49
Takeda Riken 3⅛ 2000	10/84	7863	†77	79	−1	43.79
Tokyo Sanyo Elec 3½ 99	12/84	772	94½	95½	−0⅛	10.63
Toshiba Ceramics 3 2000	4/85	1734.2	79⅛	80⅛	−1¾	15.55
Nippon Oil Co 2⅛ 92 SF	3/84	1052	†103½	104½	0	25.06
Nippon Shinpan Co 2 92 SF	3/84	801	†98	99	−0½	12.90
Asics 5 92 DM	12/83	530	107	108	−0⅛	15.70
Sum Realty 6¼ 92 DM	2/83	338	293⅞	295⅛	+1¾	−2.53

* No information available–previous day's price.
† Only one market maker supplied a price.

Straight Bonds: The yield is redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week = Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C. date = Date next coupon becomes effective. Spread = Margin above six-month offered rate (‡† three month; § above mean rate) for U.S. dollars. C.cpn. = current coupon. Cn. yld = current yield.

Convertible bonds: Denominated in dollars unless otherwise indicated. Chg. day = Change on day. Cnv. date = First date for conversion into shares. Cnv. price = Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem = Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

Downturn for Dunlop Estates

By Wong Sulong in Kuala Lumpur

DUNLOP ESTATES, the plantation group which is now part of the Chinese-owned Multi-purpose Holdings group, has reported a 5 per cent drop in pre-tax profits to 21.8m ringgit (US$ 8.9m) for the six months to June due to softer commodity prices.

Profits after tax and minorities were 15 per cent lower at 9.8m ringgit. Turnover fell by 17 per cent to 116m ringgit. The interim dividend is cut from 5 cents to 4 cents per share.

Another Malaysian publicly-listed *plantation company*, Negri Sembilan Oil Palms, has also reported lower 1985 first-half pre-tax earnings of 5.9m ringgit, a fall of 18 per cent. The interim dividend is cut from 10 cents to 8 cents.

Carter Holt places shares

By Our Financial Staff

CARTER HOLT, the New Zealand timber group, has raised NZ$100m (U.S.$54m) to fund its recent acquisition of Alex *Harvey Industries* by undertaking a share placement which represents 25.7 per cent of its expanded equity.

The placing was made at an average price of NZ$2.11.

Santos to raise A$168m by one-for-four rights

BY MICHAEL THOMPSON-NOEL IN SYDNEY

SANTOS, the big Australian oil and gas producer, has coupled news of its A$64.6m ($45.2m) June half-year net profits with details of a A$168m renounceable one-for-four rights issue.

The company said yesterday it needed to discover about 8m barrels of oil a year to maintain production levels. Money raised from the rights issue will help it maintain exploration spending at a rate of A$75m a year over the next three years.

Santos is keen to broaden its exploration thrust outside its traditional stamping ground of central Australia, where the Cooper Basin liquids scheme, in which it is a major partner, is reaching peak production.

The issue price of the new shares will be A$3.50, a big discount on the current market price of A$4.40. The share offer will be payable in two instalments, one before November 6, 1985, *the other before May 8* next year.

The three biggest shareholders in Santos—Bridge Oil, Australian Gas Light Company, and National Mutual Life—will take up their entitlements. The new shares will qualify neither for the interim dividend (up two cents to 9 cents per share) or the final dividend.

The company's first-half net profits of A$64.6m compare with A$29.5m last time. Interest expenses were sharply higher, at A$60.7m against A$25m, and there were extraordinary losses of A$26m, partly due to the amortisation of foreign exchange losses caused by this year's sharp depreciation of the Australian dollar.

● *Vamgas, a junior partner in* the Cooper Basin oil and gas fields, saw a 34 per cent reduction in net profits, to A$4.8m (U.S.$3.4m) for the half year to June. Sales rose sharply, but tax was A$7.9m against only A$298,000 previously.

A subsidiary of Woodside Petroleum, Vamgas has declared an unchanged interim dividend of 4 cents a share. It also reported an unrealised foreign exchange loss of A$24.1m because of the depreciation of the Australian dollar.

Banco Filipino liquidation suspended

BY OUR FINANCIAL STAFF

THE PHILIPPINE Supreme Court has ordered the central bank's *Monetary* Board to *suspend liquidation proceedings* against Banco Filipino Savings and Mortgage Bank, the country's biggest savings bank.

Banco Filipino was placed under receivership in January. Its liquidation was approved in March because, the central bank said, liabilities of 5.1bn pesos ($274m) exceeded assets worth 3.9bn pesos.

The bank petitioned the Supreme Court to stop the liquidation and to nullify the decision. It is now to be allowed a full hearing with the Monetary Board ordered to submit findings within 30 days.

The court ruling represents a significant victory for Banco Filipino in its long-running attempt to stave off liquidation. Before it ran into financial difficulties in 1984, the bank had 89 branches and some 3m depositors.

Japan approves two new financial instruments

BY YOKO SHIBATA IN TOKYO

THE JAPANESE Ministry of Finance is expected to give its *formal approval* to two new financial instruments which will widen the range of opportunities available to investors.

The first of these is a scheme, devised jointly by the country's city (commercial) banks and securities houses, for bank loans to be granted against the collateral of approved securities —somewhat along the lines of German or Swiss practice.

Nikko Securities and Joyo Bank, based in Ibaraki, have received permission to go ahead with launching a service next Monday whereby Joyo will lend up to Y50m ($200,000) to individual borrowers against collateral of approved securities placed in safe keeping with Nikko.

The lending rate has been set initially at 9.5 per cent, including a 1 per cent fee to Nikko for providing a loan guarantee. Within the Y50m limit the loans can be drawn down either at the bank counter or through a cash dispenser, while the securities company's account will be credited with a sum sufficient to cover the purchase of securities.

The second innovation, to which the MOF gave its unofficial blessing last June, is a money trust to be offered to investors by the Japanese trust banks, with a prospective initial dividend of 5.6 per cent.

The MOF's approval of the highly liquid and relatively high-yielding money trusts is seen as a quid pro quo for the trust banks' agreement to allow nine foreign instutitions to enter their business.

However, implementation of the money trusts has been delayed by vigorous lobbying on the part of regional banks, which fear a flight of funds away from their deposit accounts.

The trust banks are expected to begin marketing their money *trusts in November when many* wage earners will begin to receive their annual bonus payments.

Sage suffers interim fall

BY JIM JONES IN JOHANNESBURG

SAGE HOLDINGS, the South African financial services and investment holding company, suffered an interim pre-tax profit decline in the six months to June 30 1985 and warns that earnings for the year as a whole are likely to be lower

First-half pre-tax profits dropped to R12.24m ($4.53m) from R14.23m. An increase in the attributable retained earnings of associated companies and a reduction in profits attributable to minority shareholders in subsidiaries led to an increase to R6.43m from R5.03m in profits attributable to ordinary shareholders. In 1984 pre-tax profits were R27.49m and attributable taxed profits were R13.18m.

First-half earnings dropped to 33.42 cents a share from 35.83 cents due to an increase in the ordinary share capital following the Ned-Equity acquisition. An unchanged 18 cents interim dividend has been declared. In 1984 earnings totalled 92.11 cents a share and a total dividend of 48 cents was declared.

Lasmo shows 27% midway rise to £16.7m

London & Scottish Marine Oil (Lasmo), the British oil company, has boosted net profits by 27 per cent from £13.2m to £16.7m for the first six months of 1985, following a rise of the same amount to £31.6m for the whole of 1984.

Production in the six months increased by 40 per cent compared with the first half of 1984 and the company has participated in 117 wells in nine countries, of which 76 found oil or gas, the directors state. They add that 50 of these successful wells were in North Amrica and the majority will be on production and contributing revenue by the end of the year.

For the whole year Lasmo plans to participate in nearly 300 new wells, with an emphasis on appraisal and development drilling. The directors explain that within the next year the company anticipates the approval of significant development projects which are expected to increase proven reserves, in particular the Kakap KF field in Indonesia, the Octopus field in Gabon and the Kenmore field in Australia.

The directors feel that this emphasis on appraisal and development drilling will help to increase Lasmo's near and middle term cash flow.

Results for the second half, they say, will largely depend on dollar oil prices and dollar/pound exchange rates.

Net production of oil and gas in tha first six months totalled 44,800 barrels of oil equivalent per day (boepd), compared with 32,100 last time, a record level of production from the Beatrice Field in the North Sea, and the Lalang Field in Indonesia, accounting for most of the increase, directors point out.

On capital increased by the group's £67m rights issue last April, earnings per share are given as 14.8p, against a restated 12.2p, after tax of £58.2m (£43.1m), and the interim dividend payment is maintained at 4.5p.

As forecast at the time of the rights issue, directors intend to recommend total dividends for 1985 of at least the 12.2p per share paid in 1984.

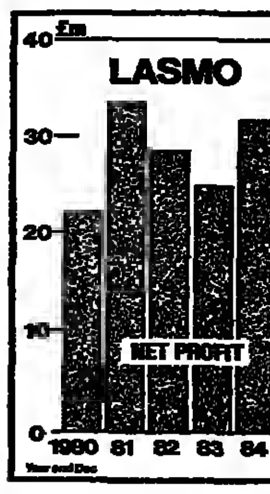
Mr Robin Adam, the new chairman, said thet directors would "much rather look at the year as a whole and see the whole pattern rather than make any significant change at half-time."

It is expected that the oil production stock (ops) payment in respect of the six months will be declared on September 23 and made on October 31. The estimated amount is equivalent to a net payment of 51.3p per unit, after deduction of ACT or where applicable, income tax (73.2p gross).

Group turnover for the first half of the year expanded from £110.7m to £164.5m while gross profits rose to £91.9m, compared with £66.4m. The pre-tax figure was £74.9m, against £56.3m, and was struck after related company losses of £6m (£1m), net interest payable £2.7m (£6.9m), ops provision of £3.7m (£3.1m) and included other income, last time, of £3.8m.

Compared with some £88m for the whole of 1984, capital expenditure amounted to £61m during the first six months, while Lasmo's planned spending for the rest of the year would lift this figure to some £140m.

Mr Robin Adam, chairman of Lasmo



Mr David Ferguson, group finance director, said later that the post tax cash flow for the two years would be within around £6m of actual and projected capital spending in that period.

"For tha two years our cash flow is projected to virtually cover our capital expenditure," he stated.

Mr Chris Greentree, chief executive, commenting on the production side, said that the Beatrice field was performing above expectations, "as is the Ninian Field." He added that this field would continue to be a large contributor to production in the second half.

Bids for the Phillips interest in T-Block in the North Sea had to be in by the end of this month, but yesterday Mr Greentree was giving few clues as to what moves Lasmo would make. The partners in the bloc, including Lasmo, had the right, if they wanted to, to match any of the bids, allowing Lasmo to wait for others to set the price, he stated.

The directors explain that the sterling oil price was substantially affected by major fluctuations in the dollar price and in the average dollar/pound exchange rate. The price of Lasmo's North Sea crude oil averaged £22.62 per barrel for the first half of the year, compared with £20.95 last time.

Cost of sales for the period, totalling £72.6m (£44.3m) comprised of royalties £12.1m (£8.1m), operating costs £23.1m, (£18.4m), amortisation £32.7m (£23.4m), trade doil purchases £4.7m (nil), release of drilling rig provision £5.6m last time.

As stated at the time of the issue, the directors say, proceeds will help to fund the appraisal and development expenditure needed to capitalise on exploration successes, to pursue a substantial exploration programme and to take advantage of suitable opportunities arising from volatile conditions in the oil sector.

In April the then chairman, Mr Geoffrey Searle said in his annual review that the group had a good mix between those projects which would continue to yield cash flow in the near term and those which would come into production in the longer term.

He added that in view of this "balanced portfolio" the group foresaw an ebility to increase production steadily for several years ahead. As a result of current operations he stated that the group's proven reserves should continue to increase in the medium term.

See Lex

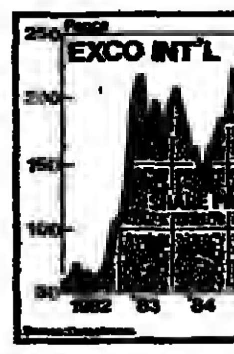
Exco Intl. surges to near £50m at midway

Exco International, which recently banked around £230m from the sale of its entire 52 per cent holding in Telerate, has beaten most City forecasts with interim profits close to the £50m mark.

The dividend is being increased from an adjusted 1.42p to 1.6p and is covered comfortably by earnings per share 2.2p higher at 7.3p.

Profits at the taxable level amounted to £49.41m, against a restated £33.21m, for the first half of 1985 and were attained on turnover ahead by £43.95m at £125.92m.

Continuing volatility of interest and foreign exchange rates, particularly in the first



quarter of 1985, has through increased market turnover, contributed to an increase in the overall profitability of money broking operations.

These operations also benefited from the higher level of the dollar. Exco has changed its exchange rate accounting policy and now uses average monthly rates instead of period-end rates.

WICO, the Far Eastern stockbroking operation, maintained and in certain cases increased its share of market turnover in the principal Far Eastern markets. Significant reductions in commission rates, however, resulted in a small reduction in profits, say the directors.

Gartmore, the fund management offshoot, produced lower trading profits compared with last year's exceptionally good results. Other activities, particularly financial futures, leasing and forfaiting, are all performing both ahead of last year and budget.

Overall, Exco says that trading since the end of June has continued at a satisfactory level.

Results from Telerate, which contributed £7.3m in the half year, will be included up until the date of sale on August 8.

See Lex

Reed expands U.S. publishing interests with £65m purchase

BY CHARLES BATCHELOR

Reed International, the publishing, paints and paper group, has paid $90m (£65m) cash for R. R. Bowker, the New York magazine publisher previously owned by Xerox Corporation.

Reed first announced in June that it had signed a letter of intent with Xerox, but the size of the transaction was not released. Bowker, which turned in pre-tax profits of $7.8m, on turnover of $41.5m for 1984, publishes magazines, reference books and directories for the book publishing trade and for libraries. It employs 340 people.

The company will form the third division of Reed's U.S. publishing operations. Reed already has Cahners Magazines and the exhibition interests of Cahners Exposition Group, International Trade Fairs and Reed Exhibitions.

Bowker publishes Publishers Weekly, with a circulation of 38,000, to booksellers and libraries, and Books in Print, a data-based reference directory used by book publishers and software companies.

The Bowker purchase takes Reed's stable of U.S. business magazine titles to 35.

Bowker was at one stage included in a deal to sell all of Xerox's publishing interests to International Thomson Organisation, but was dropped from this transaction and put up for sale.

Reed has been engaged in a far-reaching restructuring of its activities to concentrate on three core businesses, publishing, paint and paper.

In the past 18 months it has sold Mirror Group Newspapers, Sanderson furnishing fabrics, its building products division and four other businesses for a total of nearly £250m.

It has spent about £100m, mainly on publishing companies such as Interior Design and Corporate Design in tha U.S. and Morgan Communications, a UK free newspaper group.

Reed is one of a number of UK companies which have expanded their U.S. publishing interests over the past two to three years.

Argus Press, part of BET Group, United Newspapers and Pearson, owners of the Financial Times, have all bought U.S. publishers.

The higher rate of economic growth in the U.S., strong demand for advertising, the fragmented state of the market and the publishing industry's relative freedom from union problems, have attracted UK groups.

Reed's shares fell 10p yesterday to 690p.

Provident Financial ahead despite high cost of money

THE Provident Financial Group has continued to make progress despite the persistently high cost of money and only the start of the return to normality in the mining areas.

For the first six months of 1985 the group, based in West Yorkshire and engaged in documentary, personal loan and other credit facilities, raised its profits before tax from £6.34m to £7.15m from a turnover £16.56m ahead at £163.64m.

The directors, headed by Sir Timothy Kitson, say the increased volume, anticipated in the annual report, reflects the success of the weekly-collected credit companies in winning new customers.

Meanwhile, the interim dividend is being lifted from 3.5p to 4p net from earnings of 10p (8.12p) per 25p share—a final of 7p was paid for the 1984 year when pre-tax profits reached £19.41m.

If the credit business stood still, it was mainly because higher interest rates added £1m to the insterest bill (and would have added more were it not for the £66m of borrowings that have now been swapped into fixed rate debt) and because it was too early to get any bounce back on the miners' credit arrers. This should start to filter through in tha second half, which will be boosted further by the business of 60,000 new customers taken on in the first half and by the effect of slightly lower interest rates. Meanwhile the company's new businesses provided nearly all of the improvement in the first six months, with insurance broking and the car care plan together contributing over £1m. A loss from the estate agencies of some £½m simply reflected the expenses of expansion—11 new branches were opened to take the total to 48—and as soon as expansion slows profits should come shining through. A total of £23m is forecast for tha year, which after a 41 per cent tax charge would imply a fair p/e of just over 7. Assuming the dividend for the year rises to 12p the yield is 7.1 per cent.

● comment

Yesterday's 4p fall in Provident's share price to 240p said less about the results themselves than about the extravagance of some City forecasts. If profits from the mainstay instalment

Vosper runs up a loss of £2.8m

THE CONTINUING recession in the shipbuilding industry has left Hampshire-based Vosper nearly £3m in the red at the six months' stage.

Furthermore, the directors now doubt whether e number of substantial potential orders can be secured in time to make any useful contribution to the full-year outcome.

They say, however, that although group finances continue to be under pressure they remain confident that the negotiations for tha orders will be successfully conclnded and that the subsequent redoction in the level of craft in stock will bring about e material improvement in Vosper's financial position.

For the opening six months, to April 30, the group incurred e pre-tax loss of £2.8m. This compares with an indicated deficit of £2.5m in the annual report last July and with restated profits of £669,000 for the first half of the previous year.

Turnover was down from £9.64m to £3.64m for the half year—Vosper is e shipbuilder, shiprepairer and engineer. The directors say the group is continuing to trade much below capacity with both Vosper Private and Vosper Hovermarine remaining affected by the recession.

Because of current trading conditions they are again omitting the interim dividend—the final was also passed last year when losses totalled £1.02m (£2.05m profits).

Half-year tax took £192,000 (£502,000) to leave the attributable deficit at £3m (£167,000 surplus) before taking account of extraordinary credits of £693,000 (£30,000 debits).

The extraordinary item was the elimination of obligations due to the National Research Development Corporation under the terms of a December 1984 agreement.

Loss per 25 share emerged et 43.7p, against previous earnings of 2.8p.

A decision by the European Court of Human Rights concerning tha group's claim for edditional nationalisation compensation is not expected before the end of the year. Vosper is a subsidiary of David Brown Holdings.

● comment

The order books et Vosper are looking emptier than ever. Although the group is used to the ship-building industry's big swings in demand, the current depression is proving very expensive. Little surprise then that earlier this year, Sir David Brown and his company David Brown Holdings, together controlling 86 per cent of the votes, put up a £550,000 18-month loan to help tide the group over. To be honest, however, trading news has for a long time been only a secondary consideration for many Vosper followers, whoi have been far more interested in the progress of the group's claim for increased compensation after the nationalisation of its shipyards in 1977. A decision by the European Court of Human Rights is expected early next year. Since the claims amount to £60m, or 925p per ordinary share, there is no shortage of speculative action in the stock. The shares, down 10p to 198p yesterday, have been as high as 310p and as low as 142p this year.

South Africa's problems hit Metal Closures profit

SOUTH AFRICA'S economic problems coupled with the falling value of its currency have depressed first-half results at the Metal Closures Group, which manufactures metal end plastic products and constructs conveying systems and related equipment principally for the packaging industry.

Group taxable profits for the opening six months of 1985 declined from e restated £3.44m to £2.31m, with £900,000 of the fall stemming from South Africa, although the group there has "again acquitted itself well in a difficult economic climate," says Mr P. A. Smith, the chairman.

Elsewhere, he says the packaging industry is suffering from over-capacity which has been reflected in margins in both home and export markets. "In this context, order books for tha first half of the year have, in general, been disappointing, e situation that has been aggravated by the exceptionally poor summer weather."

He adds, however, that the introdnction of new products in tha UK, together with the fulfilment of the anticipated performance at Techno Industries, will "begin to influence overall profitability in the second half."

Nevertheless, "the continuing weakness of the rand against the pound must, inevitably, make e significant impact on the group's results for the year."

Turnover for the first half was down from £45.23m to £42.62m and, after tax of £928,000 (£1.41m), earnings per share were lower at 5.5p against 8.1p—minorities accounted for £219,000 (£314,000).

The interim dividend is unchanged at 2.2p—last year's final payment was 4.5p on pre-tax profits of £7.04m.

Lloyds Bank sells U.S. offshoot

Lloyds and Scottish, the finance house of Lloyds Bank, is to sell off a U.S. subsidiary, James Talcott Inc to Congress Financial Corp. Terms are not being disclosed.

James Talcott is e factoring and commercial finance firm with an annual business volume of $1.3bn (£933m), operating in New York and Los Angeles. The sale is part of Lloyd's strategy to pull out of markets where it cannot realistically achieve a leadership position.

Congress Fineocial is majority owned by CoreStates Financial Corp of Philadelphia.

BOARD MEETINGS

TODAY

Interims:—Astbury and Madeley, aICC, Bunzl, Cement-Roadstone, Family Investment Trust, Gaardian Royal Exchange, Hillsdown, Keep Trust, Pacer Systems, Peninsular and Orinetal Steam Navigation, Reebrook, Robinson Brothers (Ryders Green), Ropner, San Alliance and London Insurance, Wilson (Connolly).

Finals:—Associated British Engineering, Cope Allman International, Pacific Sales Organisation, Charles Sharpe, Stewart Plastics.

FUTURE DATES

Interims:—	
Bemrose Corporation	Sept 18
Blackwood Hodge	Sept 10
Booker McConnell	Sept 10
Bramall (C. D.)	Sept 16
Coates Patons	Sept 17
Costain	Sept 11
Cussins Property	Sept 10
Delta	Sept 13
Dinkie Heel	Sept 11
Estates and General Invests.	Sept 9
Finals:—	
Don Brothers (Buist)	Sept 12
Entertainment Prod. Services	Sept 12
Kent (John) (Menswear)	Sept 10
Manson Finance Trust	Sept 18

Lambert Howarth margins hit

A SHIFT in product mix at Lambert Howarth Group, footwear manufacturer, bringing its range more into line with market requirements, has initially caused soma dilution of margin in the first six mooths of 1985, but will contribute towards a more balanced business profile in the future, the directors state.

For the period ended June 29 turnover increased from £8.48m to £10.73m but trading profits slipped to £694,000, compared with £735,000. After depreciation, interest, investment income, and redundancy payments this time of £120,000, pre-tax profits amounted to £427,000 (£517,000).

After tax of £165,000 (£238,000) earnings per 20p share are shown as 4.66p, against 4.96p. The interim dividend, however, is in effect, lifted from an adjusted 1.25p to 1.5p net—last year's equivalent total after adjusting for a one-for-five scrip, was 4.79p.

Sales of manufactured ranges have grown steadily, the directors say, and reflect the continuing success of the group's policy of promoting higher values and more fashionable footwear.

Orders in hand are at record levels and developments with the group's major customers continue to be "very well received."

Uncertain future for Anglo-African Finance

TAKING INTO account the political and economic problems in South Africa, Anglo-African Finance considers the results for the first half of 1985 to be satisfactory. However it reported turnover down by 30 per cent, from £112.58m to £78.67m, and pre-tax income cut by almost 60 per cent from £5.28m to £2.22m.

The directors say that tha deterioration in the exchange rate of the rand against sterling adversely affected the value of the company's investments and earnings in South Africa.

The directors add that itis difficult to predict earnings for the rest of the year. However whila the present adverse political and economic circumstances prevail it is unlikely that the results will show much improvement in this period.

The option, referred to in the company's announcement in April granted by Aurochs Investment Company (South Africa), Anglo African's subsidiary, to a third party to acquire 95 per cent of Cap-Auto Investments, was not exercised.

The tax charge was £934,000 (£1.79m) and there was a share of tha loss of related companies of £7,000 against a share of profits of £78,000. The amount attributable to outsida shareholders and preference dividends came to £1.1m (£2.97m).

The income attributable to shareholders came out at £183,000, down substantially from the previous period's £599,000. There was an extraordinary debit of £62,000 (£267,000 credit).

Earnings per 7½p share were down to 2p from 6.5p. Again there is no dividend payment.

Two purchases by Fitch Lovell

Fitch Lovell, the food manufacturer and wholesaler, is paying up to £1.2m in separate deals to buy two specialist distribution businesses — Bernard and Co (Harrow Road), a London groceries distributor, and Silver Fish Supply, e Blackpool-based frozen foods wholesaler.

Earlier this week Fitch also announced that it was expanding into the fish business with the acquisition of Grimsby-based Bluecrest Foods for between £4m and £12m.

Fitch has made an initial £500,000 payment for Bernard, with e deferred consideration of up to £300,000 to be related to net assets. There is an initial £275,000 payment for Silver Fish, with a deferred consideration of up to £125,000, payable in two tranches.

Memcom shares drop by 90p

Shares in Memcom International Holdings, designer and manufacturer of elecronic filing systems, plummeted 90p to 110p on the Unlisted Securities Market yesterday after Mr F. A. Casey, chairman, warned that the company was likely to record a significant loss for the half-year to the end of October.

Memcom, which came to the USM last February, produced pre-tax profits of £1.1m for the ended April 30 1985 on turnover of £7.5m, the highest since its incorporation in 1983.

Mr Casey told yesterday's annual meeting there had been a much larger shortfall than expected in systems sales, although the company had thought business might be slow.

This had been aggravated by delays on the Ovonic image processor, designed to capture documents on special film, and the recovery of sterling against the dollar.

Reduced sales of oil by Opec (the Organisation of Petroleum Exporting Countries) had caused delays and cancellations in some of the company's major markets, he said.

Framatome share deal agreed

THE NEW share structure of power plant manufacturer, was agreed in final negotiations over the weekend writes David Housego from Paris.

CGE, the nationalised engineering and electronics group, will get 40 per cent and Dumez, the private construction group 12 per cent—thus giving the two industrial groups a majority stake in Framatome. Under the scenario being worked out last week, Dumez would only have had 10 per cent.

The new shareholders, which include Electricite de France, the French generating board, with 10 per cent are to pay cash for their stake to the Commissariat a l'Energie Atomique (CEA), though the price was not disclosed.

The CEA held 50 per cent of Framatome with Creusot-Loire, the engineering group, before it went bankrupt, and has claimed since to have absorbed Creusot-Loire's stake. The CEA will now hold only a 35 per cent stake in the nuclear plant manufacturer.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
Brammer .... int.†	4.5	—	2.5	—	7.75
Exco Intnl .... int.	1.6	Nov 18	1.42*	—	3*
Hyman .... int.	0.75¶	Oct 28	0.5	—	1.5
Kleinwort Benson ... int.	6	Nov 5	5	—‖	14
Lambert Howarth int.	1.5	—	1.25*	—	4.79*
Land Investors	0.9	—	0.8	1.2	1
Lasmo .... int.†	4.5	Oct 31	4.5	—	12.2
Metal Closures ...... int.	2.2	Nov 1	2.2	—	6.7
Provident Financial int.	4	Oct 23	3.5	—	10.5
Ricardo Consulting	1.88	Oct 18	1.63	2.75	2.5
Sharpe and Fisher int.	0.61	Nov 1	0.61	—	2.25
Systems Reliability int.	1.5	—	1.32	—	4.2
Wates City .... int.	0.77	Oct 30	—	—	0.53

Dividends shown in pence per share except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock. § Unquoted stock. ¶ To reduce disparity. ‖ Minimum 9p final forecast.

Kleinwort discloses interim pre-tax profit

Kleinwort Benson Lonsdale has become the first UK merchant bank to disclose its interim results at the pre-tax level, with profits for the first half of 1985 of £28.37m. Figures for the full year, 1984, are given as e reference, when profits of £44.55m were achieved.

The group, which is involved internationally in banking and investment trusts, has Kleinwort Benson as its principal subsidiary.

Mr R. A. Henderson, the chairman, reports that the substantial growth in 1984 from profits of £32.54m in 1983, has been followed by a particularly buoyant first six months in 1985.

The directors have lifted the interim dividend by 1p to 6p, and they intend to et least maintain the final at last year's 9p. Disclosed net earnings per 25p share are shown as 31.09p (54.09p).

Mr Henderson says that contributions to profits within the merchant banking group were generated from all the principal activities other than those associated with tha international bond market.

Although the associated swap operations contributed well, results were affected by the volatility of the market itself, and by the cost of building capacity for the future, he explains.

Corporate finance activities have more than maintained the increased level of income shown throughout 1984, while banking operations, particularly in respect of the U.S., have shown a marked increase in profits.

He adds that useful profit contributions have also been made by the group's operations in Europe and the Far East. The Sharps Pixley group has been successful in maintaining a basic return on the capital employed despite the depressed state of the bullion market.

The only loss-making area during the six months was in the U.S. Government securities market, where Kleinwort Benson Government Securities incurred a loss of £624,000. Profits of £3.51m were achieved here in 1984, but Mr Henderson says that this company had returned to profitability by tha end of the period under review.

In e breakdown of profit by ectivity, merchant banking had a disclosed profit after transfers to inner resources of £31.09m for the half year (£41.63m full year 1984); bullion broking made £1.66m (£4.97m); investment management and unit trusts £2.98m (£5.94m); while other activities contributed £84,000 compared with e loss of £143,000 for 1984.

The pre-tax result was struck after interest on loan capital of £6.83m (£11.36m).

Tha tax charge was little changed at around 35 per cent, amounting to £10.03m this time (£14.27m), to leave net profits at £18.34m (£30.28m).

After dividend absorption of £3.54m (£8.35m) retained profit totalled £14.8m for the half year (£21.9m full year).

The chairman states that the group's capital base was strengthened by the raising of $100m of additional primary capital in June in the form of undated floating rata notes, increasing the group's disclosed capital resources to £459m by the end of the first half.

Included in this figure are reserves of £243.41m compared with £238m at end-1984, loan capital and minority interests of £201.21m against £147.4m, and share capital of £14.82m against £14.79m.

Total assets at end-June amounted to £5.31bn, compared with £4.7bn at the end of 1984. The bulk of this is the increased total of £4.03bn (£3.39bn) from current, deposit and other accounts.

On the other hand the group's advances and other accounts totalled £2.09bn at end-June, against the year-end figure of £1.91bn.

Amounts written off against disclosed reserves during the half year included exchange differences of £7.98m, and goodwill of £1.07m.

The assets and liabilities of Kleinwort Benson Government Securities have not been included in the balance sheet of the group as the nature of its operations would distort established ratios. Its total assets at end-June were £792m against £875.4m, and total liabilities £777.16m against £858.14m six months earlier.

See Lex

UK COMPANY NEWS

Hanson ups stake in Bowater to 8%

By David Goodhart

Hanson Trust, the acquisitive industrial bolding company, yesterday revealed an approximately 1 per cent increase in its stake in Bowater Industries, the paper group, taking its total holding to 8 per cent (7.475m ordinary shares).

When Hanson took its original 7.03 per cent stake in Bowater at the end of July there was widespread market speculation that a full bid would follow and the paper group's shares rose sharply.

Since then, however, Hanson has launched its £545m bid for SCM Corporation, the New York typewriters to chemical conglomerate, and most analysts believe no bid for Bowater will be made until the American bid is resolved one way or another. Nevertheless Bowater's share price rose markedly on the news and closed 15p up at 350p, e high for the year. Hanson closed 1p up at 213p.

It is understood that Hanson bought tho extra shares at the end of last week at about 320p. Mr Martin Taylor, a Hanson director, said yesterday that the stake was an "investment" and that the situation had not changed since July. Before Hanson hit tho disclosable 5 per cent level in July the company is believed to have beld about 4 per cent for some time.

Mr Mike Murphy, an analyst at Quilter Goodison, said: "In the long run it is likely that they will make a bid but no move is expected in tho short term." He considers the first six months of next year as the most probable time for the bid regardless of the outcome with SCM.

COOPER INDUSTRIES has sold its subsidiary Henry Osborn on September 2 for £200,000 cash. Osborn is e supplier of engineering tools and machinery and in the year to January 31 1985 had a net profit of £33,000. Value of the assets disposed of et that date amounted to £334,000 after adjusting for dividends of £300,000 paid since the year end. Tho Cooper board believes that Osborn's trade and location do not now fit into the group structure. Sale proceeds will be epplied in tho reduction of bank borrowings.

Hawker sells Fenner stake to U.S. electrical group

Hawker Siddeley is selling its 25.3 per cent stake in J. H. Fenner to Emerson Electric, the U.S. electrical group. The stake was acquired during Hawker's unsuccessful takeover bid for tho Hull engineering group last year.

St Louis-based Emmerson says it considers the holding a "long-term trade investment and has no present intention of making a takeover offer for Fenner."

It has givan an undertaking that it will not make any offer before December 31 1987 in the absence of a recommendation by the Fenner board or an offer for Fenner from another party.

Tho deal ends uncertainty about Fenner's immediate future. There had been market speculation that Hawker, whose bid lapsed in August last year, might bid again.

Under the takeover code, it would be free to do so 12 months after the failure of its offer.

Mr Peter Barker, Fenner's chairman, said last night+ "Wo are delighted. It gives us a very stablo situation. Wo are already trading with Emerson group companies and the plan is to step up that trading."


Sir Arnold Wall, chairman of Hawker Siddeley

Fenner, a manufacturer of power transmission equipment, conveyor belting and materials handling systems, is already supplying belting equipment to Browning, e U.S. power transmission company within the Emerson group.

Emerson, which spans o broad range of industrial and domestic electrical products, had net earnings in hte year to September of $349m on turnover of $4.179bn.

Hawker is selling its 7.79m shares ot o price of 150p a share, well above Fenner's unchanged closing price last night of 121p o share. Asked why it had decided to sell, Hawker said: "The price was just right."

Hawker, which will receivo £11.68m from the sale.

Fenner's profits recovered strongly in 1983-84 after three years of costly rationalisation. But it was hit hard by last year's miners' strike and in Juno turned in half yoar pre-tax figures some 69 per cent down, at £643,000.

Bluemel suspended as Aitken quits

By Charles Batchelor

MR RONNIE AITKEN, chairman for the past two years of Bluemel Bros, the Coventry cycle and motor accessories group, has resigned as a director, the company announced yesterday.

At the same time the company's shares were suspended from trading on the Stock Exchange at its own request "pending clarification of the company's financial position."

At the suspension price of 7p it is valued by the market at £1.71m.

Mr Aitken joined Bluemel as e non-executive director in March 1983, stepping up to become chairman in October, 1983.

Mr Sidney Kite, another Bluemel director, has also resigned. Both resignations took effect on Monday. Mr Bijan Sedghi, a partner in a Birmingham solicitors' firm, has been appointed non-executive chairman. This "paves he way for positive steps to be taken to further rationalise the group's affairs," Bluemel said.

Mr Aitken, who has acted as "company doctor" et several companies, joined Bluemel as part of e rescue package put together in February 1983 by the company and Hammond International, an investment company incorporated in Liberia and resident in the Isle of Man.

The package involved a three-for-one rights issue to raise £632,000, the replacement of four of its six directors and an agreement with Jenks & Cattell, a garden and hand-tools maker, where Mr Aitken is chairman, to provide management expertise.

A year later the company wrote down part of its issued capital from 25p to 10p shares reducing the total capital from £1.25m to £909,000.

Apart from the capital reconstruction it has ceased making injection moulded steering wheels and also motor vehicle registration plates. In July 1984 it agreed to pay £1.5m for Ron Kitching Group, an importer of cycle accessories.

Bluemel has not made a pre-tax profit since the year ended September 1980

Charlie Browns buys three retail outlets

Charlie Browns Car Part Centres, which became e member of the Unlisted Securities Market last May with o placing of 1.8m shares ot 76p, announces tho ocquisition of three retail outlets for a cash consideration of £145,000.

The units are in Cheadle, Oldham and Sale, and are being bought from tho liquidator of a private company. Tho purchase includes one freebold property.

Charlie Browns has already started to convert the units to its format of self-service supermarkets, selling motor vehiclo parts and spares and the full conversion is planned to be comploted by tho end of October, the directors state.

Charlio Browns, with beadquarters in Shipley, west Yorkshire, now has 39 retail outlots. In addition to the three just acquired the company has recently opened branchos at Whitloy Bay, Chesterfield, and Darlington.

Charterhouse/Saxon merger extension

BY FRANK KANE

THE PROPOSED merger of Charterhouse Petroleum and Saxon Oil has ogain boen extended but it seems the offer stands little chance of success in its present form.

By yesterday 38.13 per cent of Saxon shareholders, who also havo on the table a reluctantly-recommended £121m bid from Enterprise Oil, had occepted the merger terms. This is a slight increase on the previous lovel of acceptances but does not take into occount withdrawals.

Yesterday was tho dato from which withdrawals became effective. It seemed certain that many Saxon shareholders would withdraw and leave their final decision on tho Enterprise bid until tho last minute, possibly in the hope of another company topping tho Enterprise offer.

It was also announced yesterday that Saxon Petroleum Corporation, the vehicle formed to effect o merger, would doclare the offer unconditional when acceptances from Saxon Oil reached 50 per cent. This was seen as an attempt to sway hesitant Saxon Oil shareholders in tho even of a cliff-hanging vote.

On the Charterhouse sido, where 79.34 per cent of sharebolders have occepted tho merger terms, it has heen decido dthe offer will becomo unconditional only if tho Saxon Oil offer does.

There was no hint last night from olthor camp as to how many previously accepting Saxon shareholders would chango their minds but the number is likoly to be considerable.

Tho merger offer has been extended until Septembor 10.

DRG moves to buy out minority in NZ offshoot

BY DAVID GOODHART

DRG, the Bristol-based packaging and stationery company, yesterday announced it is offering a total of £1.6m to buy out the 25.4 per cent of public shareholders in its New Zealand subsidiary.

If tho offer is eccepted the company will be de-listed and its operations more closely aligned with tbe Australian subsidiary. DRG New Zealand curreotly has e turnover of about NZ$39m (£19.5m) and alst year made a profit of $2.5m (£1.25m).

Mr Barry Stevenson, DRG's finance director, said yesterday: "We regard this as in effect an acquisition which will give us greater flexibility in the managing and rationalisation of the operations in Australia and New Zealand without tho necessity to take into account the small poblic shareholding in DRG NZ."

He added that the lifting of restrictions on borrowing by wholly-owned foreign companies had been another factor prompting the move.

DRG, which in 1984 made a pre-tax profit of £25.5m on a turnover of £606m, will be offering NZ$1.75 for each of the 2.3m publicly held shares. The deal, which will be open to acceptance until October 18, is to be wholly financed in New Zealand. DRG's share price closed 2p down at 200p.

COMPANY NEWS IN BRIEF

BRITISH CAR AUCTION GROUP states that at tho extraordinary general meeting bold on September 2 the resolution for the merger of Anglo American Auto Anctions Inc with Sandgate Corporation was approved.

RICARDO CONSULTING Engineers reported an increase of 30 per cent in taxable profits for the year to tho end of June 1985 from £1.63m to £2.12m. Directors say that it is mainly the result of higher volume of business. Turoover rose from £11.34m to £13.76m and the company has record order books at the start of tho present year. From earnings per share of 9.2p (7.1p) e final dividend is proposed of 1.875p (1.625p), making tho total for the year 2.75p (2.5p).

JAMES BEATTIE, retail store operator, raised sales to £21.26m (£18.38m) and pre-tax profits to £1.62m (£1.23m) in the six months to July 31, 1985. Earnings rose to 2.1p (1.46p adjustod) per 25p share. The extension of the Birkenhead store should be completed in time for Christmas shopping.

LONDON AND MIDLAND Industrials, which earlier this year made an unsuccessful takeover bid ofr Allied Textile Companies, said yesterday that it had reduced its shareholding in Allied from 11 per cent to 4.86 per cent. LMI said the 675,000 ehares had been sold for £2,835,000 and the proceeds wonld be added to its working capital resources.

LOCAL AUTHORITY bonds: tho interest rate for this week's issue is 11¾ per cent, up ¼ of a percentage point from last week and compares with 10 11/16 per cent o year ago. The bonds are issued at par and are redeemablo on September 10 1986. A full list of issues will be published in tomorrow's edition.

LAND INVESTORS, property investment and development company, increased pre-tax from £3.06m to £3.32m in the year to March 31 1985. Gross rental income rose to £4.97m (£4.75m). A final dividend of 0.9p makes a not total of 1.2p (1p). Earnings per 25p share amounted to 1.72p (1.58p). Extraordinary items odded £3.23m (£1.1m).

BRITISH LINEN BANK says tho offors made on behalf of James Grant (East) Holdings for James Grant (East) bevo becomo unconditional in all respects. All conditions attaching to tho offors have been fulfilled or waived. The total numbers of shares in James Grant (East) in respect of whicb acceptances of tho offers bove been received are 2m shares (100 per cent of the issued ordinary share capital) and 1m preference shares (100 per cent). Accordingly the offers are now closed.

BARDON HILL GROUP'S offor to ecquire all the capital of Vectis Stone not already owned by Bardon, has been declared unconditional. Acceptances of tho ordinary offer havo been received in respect of 11.4m (81.8 per cent). These acceptances, together with the 1.4m Vectis ordinary already owned, represent opproximately 91.8 per cent. The offer remains open for acceptance until further notice, but the alternative consideration under the offer will be closed on September 11.

ROHAN GROUP, the Dublin-based property developer and investor and building contractor, rednced pre-tax profits to I£1.34m in the six months to June 30 1985 compared with I£1.53m in the first half of last year.

Earnings a share were 7.01p compared with 12.15p (before inclusion of an exceptional tax credit of £2.59m). Tho interim dividend is being reduced to 2.4p against 5.85p and the hoard expects to pay a similar final (6.9p).

MAINMET has acquired capital of Shanhope Engineers (Bradford) for £51,000. Stanhope manufactures specialist pumps, complementary to certain of Mainmet's products and will provide a useful expansion of tho group's product range. During period to September 30 1984 Stanhope made profits before tax of £5,401 and at that date its net assets disclosed by its audited accounts were £69,674.

UK COMPANY NEWS

Brammer up 21% and £12m still the target

Brammer, the bearings and electronic components distributor which acquired Energy Services & Electronics in June, thereby staving off the takeover attempt by Bunzl, has announced a 21 per cent increase in pre-tax profits for the first half of 1985.

With turnover ahead by £3.45m to £46.62m taxable profits reached £5.71m (£4.74m restated). The directors say that current trading continues to substantiate the £12m profit forecast for 1985, excluding ESE, made during the course of the offer.

The interim dividend is up by 2p to 4.5p. A total of 7.75p was paid in 1984 on profits of £10.17m. Net earnings per 20p share are shown higher at 11.2p (9.5p).

The interim results have been achieved despite the hostile bid circumstances prevailing during the first half, and the substantial extraordinary items of £1.45m (nil) relate in particular to costs incurred.

The directors say that the group now has considerable opportunity to exploit the potential available in the specialised sectors it serves across the UK, Western Europe and the U.S.

The performance of the UK companies has been excellent, they state, with increased turnover and profitability in all principle subsidiaries with the exception of the electronic components distribution businesses.

In addition the plans for expansion in the U.S. are progressing satisfactorily.

ESE is also making progress towards its 1985 pre-tax profit forecast of £4.2m excluding Neve Audio. This is despite the background of a restrained market in the electronics sector.

Losses at Neve Audio are expected to be £1.7m in 1985 as a result of delays in software developments. Active discussions are proceeding for the disinvestment of Neve Audio, and consequently the directors feel it would be inappropriate to comment further at present.

Brammer's cash flow for the first half was strongly positive they say, before the cash acquisition of 14.9 per cent of ESE in May.

During the first six months the group made an operating profit of £5.47m against £4.83m, and received net income from investments and short term deposits of £237,000 (£106,000).

● comment

Shareholders gave the Brammer board a considerable vote of confidence in rejecting Bunzl's bid of 420p a share in cash and more in paper. Now that the battle dust has settled, it will clearly be some time before the price, down 5p to 330p yesterday, rises once again above 400p. The group is making progress on the right lines, with a strong profit increase achieved on a modest rise in turnover revealing the close attention paid to operating margins. The traditional Bearing Service business, accounting for some 60 per cent of profits, was responsible for the bulk of the increase, more than compensating for a downturn in electronics distribution, hit by a weak market, and a flat contribution from the U.S., where competition has been tough. Meanwhile, although Brammer has unearthed no unexpected difficulties at the parts of Energy Services it plans to keep, the losses at Audio Neve are rather larger than had been anticipated. For the next few months, the stock market's view of the group will be heavily influenced by the group's progress with the Neve sale. Beyond that, the belief that the group's long-term prospects in distribution merit a premium rating should reassert itself. Assuming full-year profits of £13.7m pre-tax (with a six months contribution from ESE) and a 39 per cent tax charge, the shares trade on a multiple of about 13½ times.

Coloroll meets profits forecasts

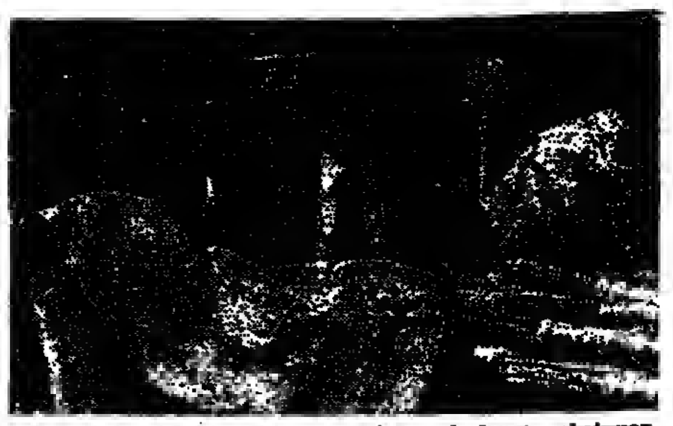
THE RESULTS for Coloroll, wallpaper and home furnishings manufacturer, were slightly ahead of the estimates given at the time of its obtaining a listing in May this year.

The company, based in Nelson, Lancashire, achieved trading profits of £3.81m on turnover of £37.37m in the year to the end of March compared with forecasts of £3.75m on £37.5m.

Mr Sam Oxford, chairman, says the improvement is due to a larger-than-forecast contribution from Wallmates, its U.S. investment which has been included on an equity accounting basis. The figure would have been higher but for a £100,000 loss in Australia, the costs of moving into the U.S. and an abortive venture into DIY security alarms in this country, which cost £200,000.

The chairman adds, however, that the results were an improvement of 81 per cent on the previous year. The main factors were the first contribution from Wallmates and a substantial reduction in the Australian start-up and trading losses.

The company has also produced pro forma results to reflect the changes in its structure during the past year when it increased its stake in EDC Industries, the Wallmates company, from 49.73 per cent to 80.85 per cent and the raising of £8.7m by a share issue.



Mr John Ashcroft, chief executive and deputy chairman of Coloroll

They reveal profits of £5.28m on turnover of £58.86m. At the time of the flotation the company was predicting profits of £5.2m on turnover of £53.9m.

Pro-forma attributable earnings came out at £3.07m, equivalent to 11.3p per 10p share.

Mr Oxford says that in the first quarter of the present year turnover and pre-tax profits were in line with budgetised levels and ahead of the previous year.

The integration of Wallmates within the group is proceeding according to plan with the implementation of a computerisation and financial control programme to bring the U.S. company up to the rigorous standards applicable in the UK.

"Trading conditions in the U.S. remain buoyant with recent movements in the dollar against sterling having been fully anticipated in the group's budget for the current year," he adds.

The board is confident that the company will continue to make good progress during the remainder of the year.

Coloroll came to market by offering for sale 13.5m shares, 49.5 per cent of the equity, at 135p valuing the group at £36.8m. The offer was oversubscribed 20 times but once dealings began the share price quickly slipped. Yesterday the price rose 3p to 120p on the announcement but fell back to close at 117p.

The money was used to increase its holding in EDC and also to reduce borrowings which had been built up to finance the buying of the earlier stake in the U.S. company.

Coloroll employs more than 800 people in the UK, the U.S. and Australia. Its main business is producing wallpaper for large customers such as D-I-Y chains. It also supplies co-ordinated wallpapers and furnishing fabrics under brand names such as Pretty Chic and Dolly Mixtures.

In addition its has a packaging factory making plastic bags for supermarkets and other customers.

Kalms receives 72% pay rise

MR STANLEY KALMS of Dixons Group has become one of the UK's highest paid chairman following a near 72 per cent increase in his salary in 1984-85 from £121,283 to £208,334.

Under his leadership, Dixons successfully won its vigorous contest for control of Currys which has made it one of the largest retailers in the UK.

Group taxable profits in 1984-1985, as previously reported, nearly doubled from £20.5m to £39.6m on turnover ahead from £350.8m to £606.7m.

Dixons' annual report, which contains the details of the pay award, also gives details of the group's post acquisition policy.

"Dixons will continue to concentrate on high-tech electronic and optical equipment and other sophisticated entertainment products sold from prime, and increasingly, larger High Street stores," says Mr Kalms in his accompanying statement.

Currys range, he says, is white goods and small appliance orientated, with a strong presence in family style brown goods. It has a "clearly defined market position and extensive coverage" both in High Street and suburban shopping centres.

Power City (formerly Bridgers) is the third chain and covers the edge and out-of-town sector selling both white and brown goods from shopping units of around 10,000 sq ft.

"These three chains have distinctive market approaches, targeting different groups of customers," says Mr Kalms.

Since the acquisition, Dixons has been examining and modernising many aspects of Currys' business. Elsewhere, the chairman envisages substantial growth, particularly by Dixons Commercial Properties where the deal flow remains strong.

Dixons Colour Laboratories, the processing division, is committed to increasing market share, while overseas Dixons is relinquishing its exclusive representation of Chinon products.

Apart from the acquisition front, the company has also made a number of disposals. These include Carousel and Stotts, Currys rental business and shopfitting division respectively Squires, Contrast Lighting, Westons Farm Supplies and P. A. Wood. Investment in pharmaceutical wholesaling has also been reduced.

Capital expenditure for this year is budgeted at £37m and the balance sheet remains strong, says Mr Kalms, although it temporarily reflects the Currys acquisition costs.

Shareholders' funds at the end of the 1984/85 year amounted to £144.7m, against £113.1m a year previously. While borrowings have increased, the chairman says that the Carousel sale and the decision to withdraw from financing Curry's credit balances will substantially reduce gearing by the end of the current year.

Systems Reliability rises 20%

A STEADY demand for the products of Systems Reliability, manufacturer of computerised telephone management systems, enabled it to lift pre-tax profits by 20 per cent to £1.51m in the six months to June 30, 1985, compared with £1.25m in the first half of last year, and the directors say the trend is continuing.

The interim dividend is being raised to 1.5p from 1.32p.

Operating profits were up 26 per cent to £1.74m (£1.38m) on turnover up 22 per cent to £6.15m (£5.04m). Pre-tax profits include interest received of £39,000 (payable £3,000), exchange losses of £96,000 (nil) and employee profit-sharing payments of £172,000 (£124,000).

Tax charges were £687,000 (£615,000), giving net profits of £826,000 (£637,000). There were no extraordinary debits compared with £369,000 last year—the cost of its public issue. Earnings a share were 7.85p (6.05p).

The directors say the company's aim of maintaining its position as the leading U.S. supplier of call management systems is matched by its continuous programme of product development. Later this year it intends to add two products to its range.

The importance of British Telecom to its growth is diminishing, say the directors, as new areas of business are developed. It is continuing to investigate other markets within and without the UK and is still planning to diversify within its product range.

Deliveries of Orbi-Tel, the new system for controlling large telecommunications networks, have begun and the number of orders is impressive, say the directors.

Demand for the Tel-Tag SM continues at a high level and Hotel Status, introduced early this year, is being installed in a large number of hotels.

Subsidiaries and distributors are benefiting from the new range, enabling them to penetrate new market sectors, particularly in Europe.

Sales of Systems Reliability (Pty), its South African subsidiary, are satisfactory in spite of the problems in that country.

Sharpe & Fisher profits slip

Sharpe and Fisher, builders' merchants and DIY stores group, based in Cheltenham, blames difficult trading conditions on the builders' merchants side for a 14 per cent fall in pre-tax profits to £669,000 in the first half of 1985 compared with £779,000 in the first six months of last year.

Overall turnover grew marginally to £23.6m (£23.4m) but builders' merchants turnover fell 9.6 per cent to £14.16m (£15.67m), depressing pre-tax profits 62.9 per cent to £148,000 (£399,000).

In contrast, its DIY stores, Sandfords, performed satisfactorily, says Mr K. J. Fisher, chairman, lifting pre-tax profits 37 per cent to £521,000 (£380,000) on turnover up 22 per cent to £9.4m (£7.7m).

A new store opened in Christchurch at the end of last year, and has made an encouraging start, he says. Another store opened in Kidderminster in July.

The interim dividend is being maintained at 0.61p. Tax took £254,000 (£312,000), giving a net profit of £415,000 (£467,000) for earnings a share of 2.1p (2.4p).

Mr Fisher says the fall in builders' merchants profits is attributable to bad weather, a reduction in improvement grants, the imposition of VAT on property alterations and the generally lower levels of construction.

There are signs of a slight improvement, he says, but trading conditions remain difficult. Considerable efforts are continuing to restore the operation to an acceptable profit level.

He says the trading conditions make it difficult to predict the year's results. However, indications are that group profit for 1985 will be below the £2.2m achieved last year.

Mr R. Stringer retired as group managing director on August 31 but continues as deputy chairman. Mr C. M. Fisher has been appointed group managing director.

Recovery at Wace continues

Wace Group yesterday announced a further recovery in profits and claimed that it was positioned to continue to advance at a significant rate in the medium to long-term.

At £201,000 post and pre-tax, the result for the first half of 1985 is an improvement of 60 per cent over the corresponding £125,000 and is not far short of the £233,000 earned in the whole of 1984.

"The interim results and current indications confirm the board's confidence that the group will record further solid progress," said Mr J. M. Clegg, the managing director.

Wace, which services graphic reproduction requirements of the printing, publishing and advertising industries, significantly increased profit margins in the first half with turnover of £2.42m, against £2.37m, producing a higher operating result of £281,000.

He added that over the past 18 months "we tackled the issues vital to the successful long-term development of the group and made fundamental improvements which will ensure growth for the future."

Heavy interest charges cut G. Armitage profit

HIGHER INTEREST charges hit taxable profits at the interim stage of Wakefield-based brick maker George Armitage and Sons. With the net amount payable rising from £45,000 to £374,000 pre-tax earnings fell by 30 per cent to £722,000 against £1.03m in the period to end-June 1985.

Directors blame the rise on higher borrowings and interest rates together with an interest charge against operating profit following the initial commissioning date of the company's new factory at Accrington, Lancashire.

Turnover, down from £6.64m to £6.35m, was hit by the poor weather at the beginning of the year. And directors say that stock levels at the parent company increased from five weeks to eight weeks, although half was the result of productivity gains. The parent company's sales volume decreased by 7 per cent, against the previous year, compared with a national fall of 10 per cent.

Operating profit improved marginally from £1.07m to £1.1m. Tax took £180,000 (£206,000) and there were extraordinary debits of £76,000 against credits last time of £4,000. Earnings per share came out at 33.1p (51.4p).

Commissioning of the Accrington multi-product factory began in mid-January and, directors say, planned output was soon reached. Customer reaction to early deliveries has been encouraging, they add.

Directors do not expect stock levels to be reduced at the parent company in the second half but predict an improved result at Accrington.

Hyman improves by 18%

Hyman, manufacturer of polyurethane foam and frozen fast foods, increased pre-tax profits by 18 per cent to £913,000 in the first half to June 30, 1985 compared with £775,000 in the first six months of last year in spite of below-budget contributions from its foam technology and frozen food divisions.

Mr Peter Buckley, chairman of the Oldham-based company, formerly I. & J. Hyman, says the problems, caused by unavoidable delays in the expansion of the two divisions, are being resolved.

But if demand for its products is maintained at the current level the result for the year will show an acceptable improvement, he says. Last year's pre-tax profit was £1.62m.

The interim dividend is being raised to 0.75p from 0.5p to reduce disparity.

Operating profit was up to £1.16m (£1.02m) on turnover lower at £13.8m (£14.5m). Pre-tax profits were struck after interest payable less receivable of £287,000 (£285,000) but including a £41,000 (£39,000) share of the profits of related companies.

Tax took £363,000 (£99,000), giving lower net profits of £550,000 (£676,000). Minorities took £1,000 (£29,000). Earnings a stock unit were 1.93p (3.11p adjusted).

APPOINTMENTS

Valin Pollen managing director

VALIN POLLEN has appointed Mr John Dembitz its managing director and he will be joining the company on October 1. Mr Dembitz has been a merchant banker with the Charterhouse Group for the last two years and, in addition to undertaking a wide range of assignments for the bank's corporate clients, he has been responsible for its advertising, marketing and PR activities. Mr Dembitz will take over from Mr Pollen on November 1. On that date, Mr Pollen will become chief executive of VPL with overall responsibility for the company's future development. Mr Reg Valin will continue as executive chairman. This strengthening of VPL's senior management team will enable Mr Angus Maitland to cease to be deputy managing director of VPL and to increase his strategic planning and development responsibilities for the group. He will remain on the VPL board, and Mr Neil Hedges will continue as VPL's assistaot managing director.

Mr John Dembitz, managing director of Valin Pollen

★

THE BANK OF SCOTLAND has appointed Mr Peter Bennie to be a manager at the London chief office. He was previously a manager at the Reform Street, Dundee office.

★

Mr Hans Gander has been appointed first vice-president of SWISS BANK CORPORATION, London. Mr Gander will head up SBC's substantial London foreign exchange and liability management operations. He was formerly in charge of the cash and liability management division at SBC's head office in Basle.

★

Mr Geoff Hancock has been appointed managing director of EXPRESS FOODS, a division of Express Dairy UK and part of Grand Metropolitan. He joins Express Foods from Cadbury Typhoo where he was executive director of the Cadbury Typhoo Tea Business Centre.

★

Mr Robert Judlin has become managing director and chief executive of TOTAL OIL GREAT BRITAIN. He succeeds Mr Tom Hutton who has been appointed chairman until his forthcoming retirement. Mr Judlin was director of marketing and refining for Europe at the parent company in Paris, Total Compagnie Française des Petroles.

★

Mr Trevor Kitchen has been appointed to the board of JOHN GLADSTONE AND CO. He has been joint managing director of J. and J. Crombie since 1974 and is a past director of the Illingworth Morris Trading Co.

★

Mr Peter Kendell has been appointed a director of HORWATH & HORWATH (UK), a member of Horwath & Horwath International.

★

Mr David Walker-Smith has joined MANUFACTURERS HANOVER as an executive director. He previously worked for Samuel Montagu, where he was an assistant director.

★

FOTHERGILL & HARVEY has appointed Mr Geoffrey Thompson as a non-executive director on the main board. He will take the place of Mr John Parsons who retired on August 31. Mr Thompson is vice chairman of J. Bibby and Sons.

★

Mr Harry Hornsby, director-general of the Process Plant Association, has additionally been appointed director-general of COMET (COUNCIL OF MECHANICAL AND METAL TRADE ASSOCIATIONS).

★

Mr Jeffrey Johnson has been appointed as managing director of AUSTIN ROVER DEUTSCHLAND GmbH, based near Dusseldorf in West Germany. He has been director—fleet operations for Austin Rover since 1982 during which time be was responsible for re-establishing Austin Rover in the UK fleet market.

★

Mr Michael Gatenby will shortly be joining the board of CHARTERHOUSE JAPHET as head of the corporata finance department. Mr Gatenby comes from Hill Samuel where he has been a senior director in the corporate finance department.

★

Mr Peter L. A. Neakes has been appointed executive director responsible for the newly created syndicate department at CIBC. Mr Donald S. Reid and Mr James E. D. Buchanan have been appointed executive directors in CIBC's North American marketing group.

★

IMPERIAL BREWING & LEISURE, a subsidiary of Imperial Group, has appointed Mr Bob Elliott as director of business development. He comes from the board of Imperial Leisure & Retailing where be served as director of supplies and services.

CONTRACTS

£5m projects for Rotary

THE ROTARY GROUP has been awarded mechanical and electrical contracts valued in excess of £5m. They include the Glaxochem project at Annan worth £1.2m; British Home Stores, Belfast, £1.15m; Marathon Oil rig accommodation module for Redpath Offshore, £385,000; Victoria and Albert Museum, £375,000, and the extension to the British Embassy in Paris.

★

ZASTAVA (GB) has won an order, worth £500,000, to supply components for 11,000 Yugo cars assembled in Egypt on behalf of the manufacturer, Zavodi Crvena Zastava. The parts are cosmetic "extras" and are all sourced and manufactured in the UK.

★

SULZER BROS (UK) has been awarded a £1m contract for installation of a heating system at the Central Ordinance Depot in Donnington, Shropshire, for the Property Services Agency. The contract was awarded by Tarmac Construction, main contractors for the project. Work involves installation of a gas or oil fired boiler plant with external high pressure heating mains throughout the complex, which extends over approximately 5 acres. Some 4½ miles of pipework is involved. A leak detection system will be incorporated to give alarm if leakage should occur. The contract is scheduled for completion in October 1986.

★

A £250,000 contract has been secured by IGG TECHSYSTEMS, a new member of the IGG Group of Cosham, Portsmouth. Placed by the Gulf Paper Manufacturing Co of Kuwait, it calls for the design and supply of a total turnkey package, to control weight and moisture on an existing tissue paper making machine. Work will include approach flow control systems, dryer control, Vutec management information and control to include the dry end scanner, installation and commissioning. The Vutec will provide alpha-numeric and graphical display of production, engineering and operational data. It will interface between the sensors and DIC.72 digital process controllers to automatically adjust the various control systems. The contract is for completion during 1986.

★

MATHER & PLATT, rotating machinery division, has received an order for the main oil line and booster pumpsets on the Shell/Esso Tern platform in the UK sector of the North Sea. Placed by Shell UK Exploration & Production, the contract is worth around £700,000 and covers the supply of six pumpsets including three multi-stage barrel casing units with associated drivers, lube oil modules and control and instrumentation modnies, and control /shrdlu ddmm ules. Delivery of all units is scheduled for early 1986.

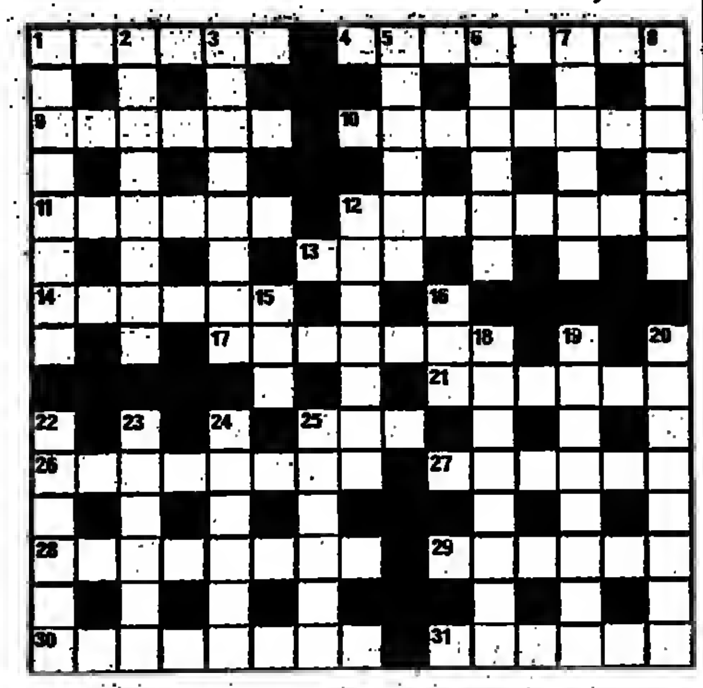
★

JOHNE & REILHOFER (UK) has secured an order worth £100,000 to install a data acquisition system for Austin Rover's new multi-axis vehicle ride simulator. The order forms part of Austio Rover's £1.6m contract for the phase 2 stage in the company's high-technology expansion plans at its Canley endurance laboratory. The data acquisition system will be used to record the load sgnals from transducers, attached to each wheel hub, on the test vehicle as it drives over test surfaces. Time and event markings will also be incorporated into the data stream to facilitate rapid data editing in the laboratory. The road load data (RLD) will then be transferred direct to a DEC PDP 11-24 computer which will "drive" the multi-axis vehicle ride simulator.

★

APOLLO COMPUTER (UK) manufacturer of DOMAIN, has received an order from the CAD-CAM Centre in Middlesbrough. Worth 150,000, the order supplements an existing Apollo DOMAIN installation. The Apollo network will consist of four DN300 and two DN320, low-cost desk-top workstations with high performance monochrome graphics, plus one DN460 with integral floating point hardware for more advanced computational and graphics performance.

F.T. CROSSWORD PUZZLE No. 5,812



ACROSS

1 Literary ape (6)
4 Precise account by churchman (8)
9 Muddled tot took van (6)
10 Equine control order on a long time (8)
11 Give academic tea-fight? (6)
12 Set off for school around a certain time (8)
13 For each traveller's return (3)
14 Sublime part of year (6)
17 Pertaining to movement of cattle round about it (7)
21 Gross river-bird (6)
25 Last year's pen-holder (8)
26 Tips making headlines for senior citizens? (8)
27 Break off communication through psychological difficulty (4,2)
28 Talk idly about ore-production in harangue (8)
29 Minister able to prognosticate? (6)
30 Horticultural process always used in first season (8)
31 King's daughter turning round to see wild ass (6)

DOWN

1 Paper-keeper (8)
2 Jesting may be hurtful when no longer young (8)
3 Impose too heavy a burden! It's open to question (8)
5 Put into difficult position by monopoly (6)
6 Result of firing into the air (6)
7 Incarnation of a Virginia sailor (6)
8 Number of the Spanish flat (6)
12 Forsakes claims to reward (7)
15 Tilt mine over (3)
16 Boring kind of outfit (3)
18 Odd reaction to musical work (8)
19 Expenditure on leaving? (8)
20 Come back to cut down fruit (8)
22 Gulps small-beer (6)
23 Glass-paper (6)
24 Do wrong to take group out to reef (6)
25 Grave-digger not up to amatory congress (6)

Solution to Puzzle No. 5,811

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

[illegible]

CONTINUED OVERLEAF

AUTHORISED UNIT TRUSTS & INSURANCES

Pearl Trust Managers Ltd. (a)(g)
252, High Holborn, WC1V 7EQ. 01-405 8441

Pearl Growth Fd.	64.0	68.1	+0.3	1.15
Accum Units	94.7	100.7	+0.5	1.15
Pearl Inc.	90.7	96.5		4.92
Pearl Unit Tst	94.8	100.9	+0.3	4.11
(Accum. Units)	160.5	170.7	+0.7	4.17

Perpetual Unit Trust Mngmt. (a)
48, Hart Street, Henley on Thames. 0491 576868

Growth	184.2	197.2	+0.6	1.52
Income	141.0	151.0	-0.5	5.34
Worldwide Recovery	105.5	113.2		2.15
American Growth	56.6	60.8		0.70
Intl. Emerging Cos.	59.3	65.7	+0.3	0.74
Far East Growth Fd.	45.9	44.3	-0.2	1.0

Prolific Unit Trusts
222, Bishopsgate, EC2. 01-247 7544/7

Prolific Far East	100.3	107.5	-0.1	0.27
Prolific Extra Inc	62.6	66.9	-0.1	6.03
Prolific Gilt Cap.	82.8	86.2	-0.6	3.19
Prolific High Inc	133.1	141.8	-0.2	5.31
Prolific Intl.	83.5	88.4	+0.3	1.75
Prolific N. Amer.	125.6	129.1	+0.5	2.61
Prolific Spec. Sits	144.2	153.4	+0.4	1.49
Prolific Technology	98.8	105.9	+0.2	0.95

Providence Capital Fd. Mgrs. Ltd.
30 Uxbridge Road, London, W12 8PG. 01-749 9111

Japan Trust	49.1	52.0	-0.1	—
Worldwide	47.5	50.3	+0.1	2.81
European Trust	50.5	53.9	+0.1	2.14
North American	48.6	51.5	+0.4	2.00
UK Equity	50.6	53.6	+0.1	3.92

Prudential Unit Trust Mngrs Ltd. (a) (b) (c)
51-69, Ilford Hill, Ilford, Essex, IG1 2DL 01-478 3377

Holborn Equity Tst	330.3	351.3		3.58
Holborn Gilt Tst.	155.4	162.4	+0.1	7.26
Holborn High Inc	56.0	59.5		6.89
Holborn Intl	59.6	63.4	-0.8	0.56
Holborn UK Growth	65.0	69.1	+0.2	3.36

Quilter Management Co. Ltd.
31-45 Gresham Street, EC2. 01-600 4177

Quadrant Gen. Fd.	323.9	344.6	—	5.72
Quadrant Income	178.6	190.1	—	5.94

TSB Unit Trusts (b) (c) (y)
PO Box 3, Keens Hse, Andover, Hants, SP10 1PG
0264 62188 Dealings to 0264 63432-3

TSB American	91.8	97.7	+0.7	1.84
Do. Accum.	95.6	101.8	+0.8	1.84
TSB Extra Income	83.3	88.1	+0.1	6.38
Do. Accum.	95.8	102.0	+0.1	6.38
TSB General	121.7	129.4	-0.2	3.35
Do. Accum.	197.1	209.0	-0.4	3.35
TSB Gilt & Fxd Int	47.2	49.2		9.41
Do. Accum.	58.0	60.5	-0.1	9.42
TSB Income	167.1	111.8		4.96
Do. Accum.	252.0	268.7		4.96
TSB Pacific	99.7	106.1	-0.3	0.75
Do. Accum.	102.2	108.8	-0.3	0.75
TSB International	226.5	241.0	+0.7	1.86
Do. Accum.	275.7	293.3	+0.9	1.86
TSB Natural Resources	44.9	47.8		2.06
Do. Accum.	45.4	48.3	+0.1	2.06
TSB Sitad. Opp.	47.4	50.5	-0.1	2.44
Do. Accum.	51.0	4.3	-0.1	2.44

3i & Target Fund Mgrs Ltd
Target House, Gatehouse Road, Aylesbury, Bucks
Aylesbury (0296) 5941

Small Co's Fund	65.5	69.8	—	0.10

Target Trust Mngrs. Ltd. (a)(g)
Target Hse, Gatehse. Rd, Aylesbury Bks (0296) 5941

American Eagle	65.6	70.2		0.27
Australia	28.6	30.5	-0.7	0.10
Commodity	86.0	92.5	-0.5	2.03
Energy	41.1	44.0	+0.2	0.31
Equity	101.3	100.1	+0.1	3.77
European Spec. Sits.	54.4	58.7	+0.1	0.62
Extra Income	91.0	97.3	+0.1	8.36
Financial	209.0	222.9	—	2.56
Gilt Capital	222.7	239.2	-0.5	3.25
Gilt Income	100.5	105.2	-0.5	8.63
Gold Income	61.4	65.7	—	1.79
Gold Acc.	110.9	118.6	—	1.79
Income	61.2	65.8	+0.3	4.72
Japan	43.8	46.7	—	0.10
Malaysia & Singapore	22.1	23.6	—	0.68
Pacific Income	60.4	64.6	—	0.52
Pacific Re Inv	74.8	79	—	.55
Preference Share	15.8	17.1	—	.18
Professional	497.0	590	+3.07	2.08
Special Sits	80.5	86.0	+0.1	1.
Technology	41.0	43.9	—	0.10
U.S. Special Bond	49.7	53.2	+0.3	6.35

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INSURANCES

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INSURANCE, OVERSEAS & MONEY FUNDS

Scottish Life Investments

Sun Life Unit Assurance Ltd.

Scottish Mutual Assurance Society

Scottish Mutual Investments

Scottish Provident Institution

Scottish Widows' Group

Standard Life Assurance Co. Ltd.

Swiss Life Pensions Ltd

TSB Life Ltd

Target Life Assurance Co. Ltd.

Teachers' Assurance Company Ltd

Transinternational Life Ins. Co. Ltd.

Trident Life Assurance Co. Ltd.

Tunbridge Wells Equitable

Tyndall Assurance/Pensions

UK Life Assurance Co Ltd

Vanbrugh Life Assurance

Vanbrugh Pension Limited

Windsor Life Assur. Co. Ltd.

OFFSHORE AND OVERSEAS

Arbuthnot Securities (C.I.) Ltd.

Aries Fund Managers Ltd.

B.I.A. Bond Investments AG

BNP Inv Mgmt (Jersey) Ltd

EBC Trust Company (Jersey) Ltd.

The English Association

Hambros Bank Ltd

Hambros Fd Mgrs (C.I.) Ltd

Manufacturers Hanover Geofunds

Save & Prosper International

Midland Bank Tst. Corp. (Jersey) Ltd.

MIM (Jersey) Limited

Royal Trust International Fd. Mngt. Ltd.

SCITECH S.A.

S.G. Warburg & Co. Ltd. and subsidiaries

World Fund S.A.
2 Boulevard Royal, Luxembourg

World Wide Growth Management
10a, Boulevard Royal, Luxembourg

Yamaichi Dynamic Mngt Co SA
10A Boulevard Royal, Luxembourg

Money Market Trust Funds

The Charities Deposit Fund
11 London Wall, London EC2N 1DB 01-588 1815

The Money Market Trust
63 Qn Victoria St. EC4N 4ST 01-236 0952

Oppenheimer Money Management Ltd
66 Cannon St, EC4N 6AE 01-236 1425

Money Market Bank Accounts

Adam & Co. plc
22 Charlotte Sq. Edinburgh. EH2 4DF 031-225 8484

Aitken Hume
30 City Road, EC1Y 2AY. 01-638 6070

Bank of Scotland
38 Threadneedle St, EC2P 2EH 01-628 8060

Barclays Prime Account
PO Box 125, Northampton 0604 252891

Britannia Investment Services Ltd.
29 Finsbury Circus, EC2M 5QL. 01-588 2777

Charterhouse Japhet plc
1 Paternoster Row, EC4M 7DH. 01-248 3999

Citibank Savings
St Martins Hse, Hammersmith Grove 01-748 9251

Co-operative Bank Cheque & Save
78-80 Cornhill EC3 01-626 6543.

Dartington & Co Ltd

OPTIONS

3-month call rates

COMMODITIES AND AGRICULTURE

Jim Jones questions just how dependent the West is on South African supplies

Putting Pretoria's mineral power in perspective

SOUTH AFRICA'S champions regularly claim that the West dare not relinquish support for Pretoria because the industrialised nations depend too heavily on minerals from the tip of Africa. The trouble with this seductively simple argument is that it begs some important questions—can alternative sources be found quickly, and if not, does it really matter?

South Africa's mineral production is unlikely to cease whether or not the Western nations continue to support the present white Government and whether or not the white Government is replaced by its antithesis, a black Marxist regime. Furthermore, under any government the only realistic markets for the South African minerals are, and will remain, in the West.

Short term supply disruptions due to labour unrest or sabotage are probably more likely than a long term interruption. for the present however, labour disturbances are likely to be confined to the country's gold and coal mines on which the black National Union of Mineworkers (NUM) is concentrating its recruiting campaign.

As a result it is difficult to envsaige how mine work stoppages would result in major difficulties for the industrialised nations even though South Africa has most of the world's resources of a number of minerals and is a leading exporter. Bald statistics tend to obscure reality as the world simply does not want or need specific metals in the quantities South Africa would like to supply.

Disruption of South African supplies of two metals, however, platinum and vanadium, aould well cause temporary difficulties to the industrialised countries.

South Africa's pre-eminent position in the vanadium market, important mainly for the construction of oil pipelines, derives not only from the country's reserves, but also from the fact that comparatively cheap electrical power gives South African ferro-vanadium and vanadium pentoxide slag a price advantage over that of competitors. This became clear earlier this year when Finnish production facilities, which largely supplied the Soviet Union with the special steels used in oil pipelines, were closed down.

On the other hand, South Africa's sales have been helped out of the recent demand trough by lower Chinese exports. Chinese sales would almost certainly resume in response to higher Western demand and higher prices, but they would almost certainly be accompanied by higher production from the U.S., which has over one-eighth of the world's vanadium reserves.

Despite the recent flurry in the platinum market, platinum group metals would cause less headaches for the West if South Africa's exports were interrupted. Demand growth in recent years has derived principally from their use in auto-exhaust conversion catalysts. Temperary shortages would probably be overcome by higher prices, leading to diversion of metal away from jewellery manufacture and towards industrial use.

In fact, there was a brief stoppage at Western Platinum's mines earlier this year. The other mines, however, are partly in the homeland of Bophutswana, where the NUM is barred from recruiting.

Paradoxically, even total closure of South Africa's goldmines would not be crucial. More than 90 per cent of all the gold ever mined remains available to gold markets. More precisely, known world stocks of gold exceed 20,000 tonnes, which is equivalent to more than 30 years South African output.

The past 10 years have seen South Africa's emergence as the world's leading ferrochrome producer. Development of new technology for processing the low grade Transvaal chromite ores has resulted in erection of a number of ferrochroma smelters in the Eastern Transvaal which in turn has led to plant closures elsewhere in the world.

Quite simply, the cessation of South African sales would rapidly be overcome by resumed production elsewhere. This is made clear by the fact that though South Africa has over 80 per cent of the world's chrome ore reserves, her exports of chromite and ferrochrome are less than 40 per cent of the world total. Countries such as the Philippines, Turkey, India and Finland could easily fill any gap left by shortages of South African material.

From a minerals standpoint, recent Western economic growth has not followed earlier patterns. It has not been based on growth in the older industries which caleld for increased usage of traditional steelmaking metals such as manganese and silicon.

Economic recovery has focused on consumer industries which are comparatively large users of stainless steel. As a result, South Africa has in the past 18 months busily converted under-utilised ferromanganese and ferro-silicon facilities to the production of ferro-chrome. This supports the contention that tha world's needs for manganese and silicon could readily be supplied by countries other than South Africa.

Coal is far from being a "strategic" mineral, though South Africa has emerged as a major exporting nation with the help of the recent British miners' strika and earlier disruption of Polish exports.

Within South Africa, of course, coal is vital, and a strike throughout the coal mines could bring the country to a halt. And on international markets, experts believe that prices would rise swiftly in response to any significant disruption of exports, though supplies might become increasingly available from other major exporting countries.

SOUTH AFRICAN MINERALS

RESERVES

	Total reserves	Percentage of world total
Diamonds	365m carats	24
Gold	20,000 tonnes	50
Platinum group	30,200 tonnes	79
Coal	58bn tonnes	n.a.
Antimony	254,000 tonnes	5.5
Chrome ore	5.7bn tonnes	84
Cobalt	16,000 tonnes	0.5
Iron ore	5,400m tonnes	4.8
Manganese ore	12,700m tonnes	78
Nickel	6m tonnes	6.5
Titanium	31m tonnes	11
Vanadium	7.8m tonnes	47
Zirconium	6.9m tonnes	18
Fluorspar	91m tonnes	31
Phospate rock	2,310m tonnes	6.7

EXPORTS

	1982 exports	Percentage of world total	Rank among exporters
Diamonds	10.31m carats	20	3
Gold	678 tonnes	52.2	1
Platinum group	83.6 tonnes	41	2
Coal	30m tonnes	11.4	4
Antimony	6,310 tonnes	13.3	4
Chrome ore	866,000 tonnes	28.6	1
Ferro-chrome	741,800 tonnes	4.3	1
Iron ore	7.8m tonnes	2.5	8
Manganese ore	2m tonnes	29.5	2
Ferro-manganese	304,000 tonnes	23.1	2
Titanium	290,000 tonnes	19.9	2
Vanadium	15,925 tonnes	58	1
Zirconium	130,000 tonnes	25	2
Fluorspar	340,000 tonnes	13	4

Source: Minerals Bureau. South African Department of Mineral and Energy Affairs.

Rubber stockpile manager chosen

BY WONG SULONG IN KUALA LUMPUR

MR ALDO Hofmeister has been appointed the new buffer stock manager of the Kuala Lumpur-based International Natural Rubber Organisation (Inro) to succeed his fellow American, Mr Harvey Adams, from the beginning of November.

His appointment, confirmed by an Inro special meeting here yesterday, ends six months of controversy between the U.S. and other members over who should take charge of what has become a crucial job, now that the buffer stock is moving dangerously close to tha critical level of 400,000 tonnes.

Nominations submitted by the U.S. on two previous occasions were rejected.

Mr Hofmeister, 61, has had a long association with the rubber industry, starting some 20 years ago when he was assistant purchasing agent for natural rubber with the Uniroyal tyre company.

He became Uniroyal's manager of natural rubber purchasing in 1982, and in that capacity, handled the purchase and transportation of 60,000 tonnes of rubber per year.

The five-year-old International Natural Rubber Agreement is facing its worst crisis. Plentiful supplies and stagnant demand have forced prices to plunge to below the "must buy" level in recent weeks.

Strong buying support by the buffer stock has had little impact on prices, but has pushed the stockpila from 270,000 tonnes to about 340,000 tonnes, forcing a 3 per cent cut in intervention prices last month.

Senior Inro officials say the next two months are critical as unless demand picks up in the industrialised countries after the summer holidays prices could slip further.

Another special Inro session has to be callad if the buffer stockpila hits 400,000 tonnes.

The options then would be difficult for members to swallow. They could either decida on another price cut, followed by the introduction of a 150,000-tonne contingency stock, or a temporary suspension of the Inro agreement to allow the commodity to find its own price level.

By then, some members would probably be asking openly whather the agreement should be allowed to continue.

● The current cash premium in the rubber market was a very unhealthy sign and prices were within a breath of the must-buy level in an increasingly waak market, Mr Adams, the retiring buffer stock manager said, yesterday.

Nickel production to fall by 40% in New Caledonia

NOUMEA — Sabotage attacks by separatist militants on New Caledonia's main nickel mina have cut ore output plans by over 40 per cent, mine officials said.

Officials for Societe Le Nickel (SLN) said the troubles had drastically cut output, forcing a 1985 production forecast of 960,000 tonnes to be cut to 550,000.

They said damage to property and lost production due to a three-month stoppage early this year and a week-long closure last month had cost over Frs 50m (£4.18m).

SLN officials denied reports of a possible closure of the complex, saying the mine had already been included in budget plans for next year.

● The news from Noumea had no impact on the London Metal Exchange, where the three-month nickel price was up £16.50 per tonne on the day at the unofficial close but well within its recent trading range, writes Andrew Gowers.

Analysts and traders said the market had already allowed for a substantial cut in New Caledonia's production plans as a result of the disturbances earlier this year.

Canada pushes its rival to the Krugerrand in Hong Kong

BY DAVID DODWELL IN HONG KONG

THE ROYAL MINT of Canada yesterday launched the Maple Leaf gold coin in Hong Kong as part of an international effort to boost Canadian bullion sales. The push by the world's third largest producer of gold comes at a time when anti-apartheid sentiment has generated pressure to restrict sales of South Africa's widely sold gold coin, the Krugerrand.

The coin will be distributed in Hong Kong by 29 financial institutions with about 500 branches throughout the territory. The Royal Mint plans to open a representative office in Hong Kong in the near future, and yesterday launched a HK$5m promotion campaign.

The Canadian mint insisted that the launch of the Maple Leaf in Hong Kong had nothing to do with political factors depressing demand for South African Gold. Both the Krugerrand and the Maple Leaf were first minted in 1979, with Krugerrands launched in Hong Kong almost immediately. The promotion will be based on the fact that the Maple Leaf is 99.99 per cent pure—the only coin available of such purity.

While world demand for gold coins has fallen over the past 18 months—by about 18 per cent in 1984, and an estimated 20 per cent this year—demand in Hong Kong has remained buoyant, making it an increasingly important centre for gold trading. The territory is thought to have accounted for about 20 per cent of world sales of gold coins in the first half of this year. According to the Royal Mint, 178 tons of gold were imported into Hong Kong in 1984—about 10 per cent of world production. In the first half of this year, a further 126 tons have been imported, though current demand is understood to be flat.

Despite slack world demand—a reflection of stagnating gold prices worldwide — Canada's Mapla Leaf has made startling gains in its share of the world market for gold coins. The mint claims a 27 per cent share in 1984, and a 55 per cent share for the first seven months of 1985. Sales have leapt by more than 50 per cent, officials say, with expected sales for the year of 1.5m ozs.

LONDON MARKETS

AN UPSURGE in buying interest on the world market led to sharp gains on London's sugar futures market yesterday. Taking their lead from New York nearby values moved up around $10 a tonne.

Dealers said confirmation had been received of physical sales to Sri Lanka and Egypt but they were still awaiting news from a buying tender in Pakistan and a selling tender in Spain.

Sterling's decline led to gains on the coffee futures market but valnes finished below the day's highs

From today the London Metal Exchange zinc prices quoted below are for high grade metal. Trading in the three months position on the standard grade contract ceased at the close of trading on Monday.

LME prices supplied by Amalgamated Metal Trading

MAIN PRICE CHANGES

In tonnes unless otherwise stated.

METALS	Sept 3 1985	+ or —	Month ago
Aluminium	£1100		£1100
Free Mkt.	$1040/15	—5	$1065/85
Copper			
Cash h Grade	£1010.5	—0.5	£1050.5
3 mths	£1037.25	+0.5	£1064.25
Gold Troy oz.	$328.5	—6.25	$330.25
Lead Cash	£301.75	+.13	£297.75
3 mths	£302.25	+0.125	£300.75
Nickel			
Free Mkt.	216/236c	—1	228/245c
Palladium oz.	$104.50	—1.5	$98.40
Platinum oz.	$322.50	—14.75	$275.10
Quicksilver†	$290/300		$280/300
Silver troy oz.	451.00p	+2.00	453.65p
3 months	463.40p	+1.85	466.05p
Tin cash	£9088.5	+9.5	£8826.3
3 months	£9063.5	+2.5	£9201.5
Tungsten	$67.32	—4.70	$71.83
Wolfram 22.0lb.	$65/70		$66/72
Zinc	£528	+14.5	£547
3 months	£533.75	+12.75	£543.5
Producers	$760/850		$650

OILS	Sept. 3 1985	+ or —	Month ago
Coconut (Phil)	$445z	—15	$515
Palm Malayan	$380y	—5	$425
SEEDS			
Copra Phil	‡		$340
Soyabean (U.S.)	$215		$218.5
GRAINS			
Barley Fut. Nov.	£104.60	+0.25	£108.10
Maize	£130.50y	—0.5	£137.00
Wheat Fut. Nov.	£103.80	+0.45	£101.65
No. 6 Hard Wint.	‡		‡
OTHERS			
Cocoa Ft. Dec.	£1740.5	+6	£1716.5
Coffee Ft. Nov.	£1643	+10	£1691.5
Cotton A Index	55.75c	—0.55	57.70c
Gas Oil Oct.	$247.25	+1.5	$236
Rubber (kilo)	61.25p		64p
Sugar (raw)	$127.5z		$129
Wooltops 64s	424p kilo		425 pkilo

‡ Unquoted. z Sept-Oct. y Oct. † Per 76-lb flask. c Cents per pound.

ALUMINIUM

	Unofficial close (p.m.) £ per tonne	+ or —	High/low
Cash	734-5	+9.5	726/727.5
3 months	757-.0	+0.3	758.5/748

Official closing (am): Cash 727.5-8 (725.5-6.5), three months 750.5-1 (748.5-9). Settlement 728 (726.5). Final Kerb close: 756-.5. Turnover: 19,050 tonnes.

COPPER

Higher grade	Unofficial close	+ or —	High/low
Cash	1010-1	—0.5	1014.5/1014
3 months	1037-.5	+0.3	1046/1037

Official closing (am): Cash 1014-.5 (1010.5-1), three months 1040-1 (1038-5), settlement 1014.5 (1011). Final kerb close: 1041.5.

Cathodes			
Cash	984 3	—2	989/989
3 months	1013-4	—2	—

Official closing (am): Cash 989-90 (983-4), three months 1016-7 (1013-4), settlement 990 (984). Turnover: 30,350 tonnes. U.S. Producer prices 66.00-69.00 cents per pound.

LEAD

	Unofficial close (p.m.) £ per tonne	+ or —	High/low
Cash	301.5-0	+1.5	297.5/297
3 months	301.25-.75	—0.70	302.5/300.5

Official closing (am): Cash 297.5-8 (301.5-2), three months 300.5-1 (301.5-2). Settlement 298 (302). Final Kerb close: 301.5-2. Turnover: 4,400 tonnes. U.S. Spot: 10.00-20.00 cents per pound.

NICKEL

	Unofficial close (p.m.) £ per tonne	+ or —	High/low
Cash	3470-5	+17.3	—

ZINC

TIN

High grade	Unofficial close (p.m.) £ per tonne	+ or —	High/low for day
Cash	9086-7	+2.5	—
3 months	9061-0	+1	—

Official closing (am): Cash 9085-6 (9085-8), three months 9051-2 (9060-5), settlement 9086 (9088).

Standard			
Cash	9086-7	+2.3	—
3 months	9061-5	+2.5	9060/9045

Official closing (am): Cash 9085-6 (9085-8), three months 9060-1 (9050-2), settlement 9086 (9088). Final kerb close: 9053. Turnover: 1,740 tonnes. Straits tin $M30.60 (30.65) kilo.

GOLD

Gold fell $6¼-¾ an ounce from Monday's close in the London bullion market yesterday to finish at $328¼-$328¾. The metal opened at $333-333½, which proved to be the day's high and touched a low of $327½-328. Gold fell in reaction to the dollar's firmer trend and a return to work by some South African miners.

GOLD BULLION (fine ounce) Sept. 3

Close	$328¼-328¾	(£239½-240)
Opening	$333-333½	(£241¾-242¼)
M'nl'g fix	$330.70	(£241.700)
Aft'n'n fix	$328.20	(£239.176)

GOLD AND PLATINUM COINS

Kr'g'r'nd	$335½-336¼	(£245½-246)
½ Krug.	$174¼-174¾	(£127½-128)
¼ Krug.	$88¾-89¼	(£65-65¼)
1/10 Krug.	$36¼-36¾	(£26½-27)
Mapleleaf	$338¾-339¼	(£247¾-248¼)
New Sov.	$77½-78	(£56¼-57)
½ New Sov	$47-47½	(£34¼-34¾)
Old Sov.	$79-80½	(£57¾-59)
$20 Eagle	$460-500	(£336½-365¾)
Noble Plat	$330½-334½	(£241-244)

SILVER

Silver was fixed 2p an ounce higher for spot delivery in the London bullion market yesterday at 451p. U.S. cent equivalents of the fixing levels were: spot 619.25c, down 3.05c; three-month 631.2c, down 3.4c; six-month 643.15c, down 3.4c; and 12-month 671.5c, down 3.3c. The metal opened at 449-451p (616-621c) and closed at 449-451p (616-618c).

LME—Turnover: 11 (43) lots of 10,000 oz.

OIL

Demand for dated cargoes kept most grades firm. In particular, Brent for October and December delivery gained 20c. Nymex was trading 20c over last week's levels by 1 pm. In the petroleum products market gas oil continued firming throughout most of the day on talks of delays to Russian loadings for the first half of September and generally bullish sentiment. Naphtha firmed on the back of gas oil—Petroleum Argus, London.

SPOT PRICES

CRUDE OIL—FOB (S per barrel)—Sept.

Arab Light; Arab Heavy; Dubai; Brent Blend; W.T.I. (1pm est); Forcados (Nigeria); Urals (cif NWE)

PRODUCTS—North West Europe. Prompt delivery cif ($ per tonne): Premium gasoline; Gas Oil; Heavy fuel oil; Naphtha

* October. Petroleum Argus estimates

GAS OIL FUTURES

POTATOES

RUBBER

INDICES

FINANCIAL TIMES

Sept. 3	Aug. 30	M'th ago	Year ago
253.82	254.34	254.99	293.09

(Base: July 1 1952 = 100)

REUTERS

Sept. 3	Sept. 2	M'th ago	Year ago
1701.4	1679.2	1689.9	1871.0

(Base: September 18 1931 = 100)

DOW JONES

Dow Jones	Aug. 30	Aug. 29	Month ago	Year ago
Spot	115.66	115.73	—	129.79
Fut.	114.71	114.47	—	128.86

(Base: December 31 1974 = 100)

PIGMEAT

Prices rose in more active trading, reports CCST Commodities.

Month	Yesterdays close	Previous close	Business done
	p. per kilo (deadweight)		
Oct.	112.60	119.30	112.8-112.5
Nov.	113.70	116.00	118.5-118.2
Feb.	101.80	101.50	101.9-101.7
April	102.80	102.40	102.80
June	101.90	101.40	101.90

FREIGHT FUTURES

GRAINS

COCOA

Futures steadied on early trade buying before origin selling stemmed the rally. Conditions remained thin and little manufacturer interest was apparent, reports Gill and Duffus.

COCOA	Yesterday's Close £ per tonne	+ or —	Business Done
Sept.	1719-1714	+10.0	1716-1725
Dec.	1740-1741	+6.0	1749-1738
Mar.	1760-1761	+3.0	1767-1758
May	1776-1777	+6.5	1782-1770
July	1786-1788	+5.5	1791-1786
Sept.	1800-1805	+14.5	1808-1796
Dec.	1801-1805	+19.0	1795-1794

Sales: 2,410 (2,876) lots of 10 tonnes.

ICCO indicator prices (U.S. cents per pound). Daily price for August 30: 105.39 (106.22): five-day average for September 2: 120.81 (120.51).

COTTON

LIVERPOOL—Spot and shipment sales amounted to 210 tonnes. Fair trading developed mostly in Colombian type varieties. Afghanistan growth moved off steadily as well as Israeli and Sudanese.

COFFEE

After trading £2-3 higher prices eased lower in light volume, reports Drexel Burnham Lambert. Values rose to unchanged and, during a quiet afternoon, gains of £8-13 were established as sterling weakened and New York opened higher.

SUGAR

SOYABEAN MEAL

U.S. MARKETS

REPORTS of poor participation in the strike action at South African mines along with unconfirmed late reports that the union had called off the strike provided the basis for sharp losses in precious metals, reports Heinold Commodities. Copper and aluminium attracted scattered support to close slightly lower on expectations that demand will pick up due to better economic conditions. Sugar prices were sharply higher and near limit-up levels on reports of active cash interest developing. Reports of drier weather in the Bahian cocoa areas of Brazil prompted light selling in cocoa. Coffee values were steady as roaster price fixing developed. The lack of damage to delta cotton from hurricane Elena pressured cotton futures. The energy complex shrugged off reports of change in Saudi Arabian pricing to a market-orientated policy; instead, futures were firm on low crude and heating oil stocks. The grain complex was under pressure with maize attracting selling in anticipation of an early harvest. The soyabean complex traded mixed

NEW YORK

ALUMINIUM 40,000 lb, cents/lb

	Close	High	Low	Prev
Sept	43.95	44.15	44.15	44.30
Oct	44.40	—	—	44.75
Nov	44.80	—	—	44.70
Dec	45.20	46.25	45.10	45.55
Jan	45.90	45.80	45.50	45.56
March	46.25	46.50	46.25	46.65
May	46.95	—	—	47.25
July	47.65	—	—	48.05
Sept	48.35	—	—	48.70
Jan	49.75	—	—	50.15

COCOA 10 tonnes, $/tonnes

	Close	High	Low	Prev
Sept	2134	2138	2118	2143
Dec	2204	2208	2188	2222
March	2249	2252	2236	2262
May	2270	2270	2257	2284
July	2288	2286	2273	2306
Sept	2288	2280	2288	2320
Dec	2298	2285	2215	2328

COFFEE "C" 37,500 lb, cents/lb

COPPER 25,000 lb, cents/lb

COTTON 50,000 lb, cents/lb

	Close	High	Low	Prev
Oct	58.56	58.56	57.91	58.40
Dec	58.61	58.64	58.05	58.47
March	59.80	59.86	59.35	59.71
May	60.25	60.25	59.80	60.06
July	60.25	60.25	59.71	60.04

CRUDE OIL (LIGHT) 42,000 U.S. gallons, $/barrels

GOLD 100 troy oz, $/troy oz

HEATING OIL 42,000 U.S. gallons, cents/U.S. gallons

ORANGE JUICE 15,000 lb, cents/lb

PLATINUM 50 troy oz, $/troy oz

SILVER 5,000 troy oz, cents/troy oz

SUGAR WORLD "11" 112,000 lb, cents/lb

CHICAGO

LIVE CATTLE 40,000 lb, cents/lb

	Close	High	Low	Prev
Oct	54.60	56.25	54.60	58.10
Dec	56.75	58.46	56.72	58.22
Feb	58.42	57.85	56.40	57.60

LIVE HOGS 30,000 lb, cents/lb

MAIZE 5,000 bu min, cents/56-lb bushel

PORK BELLIES 38,000 lb, cents/lb

SOYABEANS 5,000 bu min, cents/60lb-bushel

SOYABEAN MEAL 100 tons, $/ton

SOYABEAN OIL 60,000 lb, cents/lb

WHEAT 5,000 bu min, cents/60lb-bushel

SPOT PRICES—Chicago loose lard 16.00 (same) cents per pound. New York tin 572.0-78.0 (580.0-90.0) cents per pound. Handy and Harman silver bullion 618.0 (625.5) cents per troy ounce.

OTHER MARKETS

JUTE

WOOL FUTURES

MEAT

PARIS

ROTTERDAM

CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar shows further rise

The dollar rose quite sharply yesterday as U.S. centres re-entered the market after a long weekend as dollar buyers. However, it was difficult to establish whether the recent rise signified a renewed upturn in the dollar. In the light of last Friday'o better-than-expected U.S. trade figures and a rise in July construction spending, the market appeared to reason that any indication of a small upturn together with rising money supply figures would reduce the authorities scope for lower interest rates.

Despite this, the dollar appeared to lack sufficient impetus to turn the recent recovery into a sustainable trend. Third quarter U.S. GNP figures are not due for release for another tree weeks and this is likely to provide the necessary catalyst to establish a fresh dollar trend.

Against the D-mark it rose to a high of DM 2.8590 before finishing at DM 2.8540, up from DM 2.8355 on Monday and its best closing level since late July. Against the yen it rose to Y239.45 from Y238.50 and SwFr 2.3510 compared with SwFr 2.3365. It was also higher in terms of the French franc at FFr 8.7150 from FFr 8.6450. On Bank of England figures, the dollar's exchange rate index rose from 138.4 to 139.1.

The South African rand lost ground despite last weekend's financial package and slipped to 41.5 U.S. cents from 43.0. Dealers suggested that the recent measures had failed to change market sentiment and at best gave the South African government a breathing space.

STERLING — Trading range against the dollar in 1985 is 1.4920 to 1.0525. August average 1.3838. Exchange rate index 82.0, down from an opening of 82.1 and Monday's close of 82.3. The six-months-ago figure was 70.8.

Sterling remained on the sidelines for much of the day. It was weaker against the dollar at $1.3685-1.3695, a fall of 85 points, and DM 3.9075 compared with DM 3.9150. Against the Swiss franc it slipped to SwFr 3.2175 from SwFr 3.22, and Y328 from Y329. In terms of the French franc it closed at FFr 11.9425, down from FFr 11.9525.

D-MARK — Trading range against the dollar in 1985 is 3.4510 to 2.7425. August average 2.7936. Exchange rate index 125.4 against 118.6 six months ago.

There was no intervention by the Bundesbank at yesterday's fixing in Frankfurt when the dollar was fixed at DM 2.8449 from DM 2.8281. This was the highest fixing level since August 7 with dollar demand continuing after its recent break through upper resistence levels. In addition a 1.2 per cent rise in construction spending added further weight for those expecting an upturn in U.S. economic activity. The dollar closed at DM 2.8545 from DM 2.8330.

STERLING INDEX

	Sept 3	Previous
8.30 am	82.1	82.3
9.00 am	81.9	82.4
10.00 am	82.1	82.5
11.00 am	82.1	82.5
Noon	82.1	82.4
1.00 pm	82.1	82.4
2.00 pm	82.1	82.4
3.00 pm	82.0	82.3
4.00 pm	82.0	82.3

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu central rates	Currency amounts against Ecu September 3	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	44.8320	45.1706	+0.76	+0.96	±1.5425
Danish Krone	8.12857	8.08603	−0.52	−0.32	±1.6421
German D-mark	2.23840	2.22985	−0.38	−0.18	±1.1455
French Franc	6.86402	6.80898	−0.80	−0.60	±1.3654
Dutch Guilder	2.52208	2.50899	−0.52	−0.32	±1.5162
Irish Punt	0.724578	0.716257	−1.15	−0.95	±1.6673
Italian Lira	1520.60	1490.09	−2.91	−2.01	±4.0856

Changes are for Ecu, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

£ IN NEW YORK

	Sept. 3	Prev. close
£ Spot	$1.3675-1.3685	$1.3585-1.3595
1 month	0.47-0.45 pm	0.47-0.45pm
3 months	1.25-1.21 pm	1.25-1.21pm
12 months	3.00-2.90 pm	3.00-2.90pm

Forward premiums and discounts apply to the U.S. dollar

POUND SPOT—FORWARD AGAINST POUND

Sept 3	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	1.3680-1.3775	1.3685-1.3695	0.43-0.40c pm	3.64	1.11-1.06pm	3.17
Canada	1.8780-1.8890	1.8765-1.8775	0.45-0.36c pm	2.58	1.00-0.85pm	1.97
Nethlnd.	4.38½-4.40½	4.39-4.40	2½-2¼c pm	6.31	6½-6pm	5.63
Belgium	78.91-79.28	79.05-79.15	21-15c pm	2.73	42-30pm	1.82
Denmark	14.14½-14.19¾	14.16¾-14.17¾	4¼-3ore pm	3.02	10-8¾pm	2.66
Ireland	1.2547-1.2579	1.2563-1.2573	0.25-0.10c pm	1.97	0.62-0.34pm	1.53
W. Ger.	3.88¾-3.91½	3.90¾-3.91¾	2¾-2½pf pm	7.67	6¾-6½pm	6.71
Portugal	230-236½	230-233½	60-410c dis	−12.21	415-1445dis	−16.10
Spain	228½-229½	229-229½	5-65c dis	−1.83	80-225dis	−2.66
Italy	2,604-2,619¾	2,609½-2,610½	3 pm-3 lire dis	−0.00	4-11dis	−1.15
Norway	11.44-11.48¾	11.44½-11.45½	½-1ore dis	−0.66	2¼-3dis	−0.92
France	11.90½-11.95¾	11.93¾-11.94¾	2½-1¼c pm	2.07	3½-1¼pm	0.84
Sweden	11.53-11.57½	11.53¾-11.54¾	2½-3½ore dis	−2.98	8¾-9½dis	−3.03
Japan	327-328¾	327½-328½	1.55-1.45y pm	5.49	4.20-4.05pm	5.03
Austria	27.37-27.50	27.47-27.60	16-14½gro pm	6.71	49½-39pm	0.97
Switz.	3.20¾-3.22½	3.21¾-3.22¾	2¾-2c pm	7.92	6½-6¼pm	5.68

Belgian rate is for convertible francs. Financial franc 79.75-79.85. Six-month forward dollar 1.88-1.83c pm, 12-month 2.90-2.75c pm.

DOLLAR SPOT—FORWARD AGAINST DOLLAR

Sept 3	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.3680-1.3775	1.3685-1.3695	0.43-0.40c pm	3.64	1.11-1.06pm	3.17
Ireland†	1.0890-1.0963	1.0910-1.0918	0.23-0.13c pm	1.97	0.55-0.35pm	1.65
Canada	1.3689-1.3740	1.3703-1.3708	0.12-0.15c dis	−1.18	0.39-0.44dis	−1.21
Nethlnd.	3.1920-3.2195	3.2095-3.2105	0.67-0.63c pm	2.43	1.90-1.86pm	2.34
Belgium	57.45-57.90	57.70-57.80	5-7c dis	−1.25	20-23dis	−1.49
Denmark	10.28¼-10.35¾	10.34¼-10.34¾	0-½ore dis	−0.29	½-1dis	−0.29
W. Ger.	2.8365-2.8590	2.8535-2.8545	0.89-0.84pf pm	3.65	2.53-2.48pm	3.52
Portugal	169-170½	169½-170½	100-350c dis	−15.93	450-1200dis	−19.47
Spain	166.55-167.48	167.15-167.30	65-120c dis	−6.65	225-325dis	−0.60
Italy	1,897-1,907	1,905½-1,906½	6-7 lire dis	−8.10	21-23dis	−8.63
Norway	8.32¾-8.37	8.36½-8.37	2¾-3½ore dis	−4.31	8½-9dis	−4.10
France	8.65½-8.72¾	8.71¼-8.71¾	1.20-1.35c dis	−1.76	5.10-5.50dis	−2.44
Sweden	8.38¾-8.43½	8.42-8.42½	4¾-5¾ore dis	−7.13	13½-14dis	−6.54
Japan	238.35-239.50	239.40-239.50	0.38-0.34y pm	1.81	1.11-1.08pm	1.82
Austria	19.94-20.06½	20.02-20.05	5½-4½gro pm	3.00	14½-12½pm	2.70
Switz.	2.3355-2.3545	2.3505-2.3510	0.78-0.72c pm	3.84	2.08-2.00pm	3.46

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 58.25-58.35.

OTHER CURRENCIES

Sept 3	£	$		£ Note Rates
Argentina Austl.	1.0968-1.0990	0.8000-0.8010	Austria	27.30-27.60
Australia Dollar	1.9940-1.9980	1.4641-1.4656	Belgium	79.60-80.40
Brazil Cruzeiro	9,583-9,617	6,990-7,010	Denmark	14.10-14.24
Finland Markka	8.2605-8.2800	6.0840-6.0860	France	11.88-12.00
Greek Drachma	183.67-187.70	133.80-138.61	Germany	3.89-3.93
Hongkong Dollar	10.7000-10.7086	7.8115-7.8135	Italy	2590-2625
Iran Rial	126.00	89.95	Japan	328-332
KuwaitDinar(KD)	0.4160-0.4165	0.30345-0.30365	Netherlands	4.38-4.42
Luxembourg Fr.	79.05-79.15	57.70-57.80	Norway	11.41-11.55
Malaysia Ringgit	[illegible]	[illegible]	Portugal	225-239
New Zealand Dlr.	[illegible]	[illegible]	Spain	222-231
Saudi Arab. Riyal	[illegible]	[illegible]	Sweden	11.50-11.63
Singapore Dollar	[illegible]	[illegible]	Switzerland	3.20¼-3.24¼
Sth African Rand	[illegible]	[illegible]	United States	1.36¼-1.38¼
U.A.E. Dirham	[illegible]	[illegible]	Yugoslavia	455-490

* Selling rate.

CURRENCY MOVEMENTS

Sept. 3	Bank of England Index	Morgan Guaranty Change %
Sterling	82.0	−8.0
U.S. dollar	139.1	+25.7
Canadian dollar	86.0	−7.9
Austrian schilling	115.8	+4.4
Belgian franc	90.8	−10.7
Danish Kroner	79.2	−5.3
Deutsche mark	135.4	+8.3
Swiss franc	147.1	+11.4
Guilder	116.7	[illegible]
French franc	66.9	[illegible]
Lira	46.3	[illegible]
Yen	157.4	[illegible]

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (base average 1975=100).

CURRENCY RATES

Sept. 3	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	—	0.743009	0.570657
U.S.$	7½	1.02959	0.780227
Canadian $	9.20	*	1.07430
Austria Sch.	4	20.4510	15.6567
Belgian Fr.	10	58.8960	45.1705
Danish Kr.	7	10.5631	8.08605
D mark	4	2.91094	2.22985
Guilder	5	3.27314	2.50899
French Fr.	9½	8.88740	6.80898
Lira	16½	1946.49	1490.09
Yen	5	245.540	187.050
Norwgn. Kr.	8	8.55060	6.00720
Spanish Pta.	—	170.708	130.721
Swedish Kr.	10½	8.70855	6.66380
Swiss Fr.	4	2.38185	1.83590
Greek Drch.	20½	138.410	106.072
Irish Punt	—	0.935293	0.716257

*CS/SDR rate for August 30: 1.41420.

EXCHANGE CROSS RATES

Sept. 3	Pound St'ling	U.S. Dollar	Deutschem'k	Japan'se Yen	FrenchFranc	Swiss Franc	Dutch Guild	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	1.369	3.908	328.0	11.94	3.218	4.395	2610.	1.877	79.10
U.S. Dollar	0.730	1.	2.854	239.5	8.724	2.350	3.210	1907.	1.371	57.78
Deutschemark	0.256	0.350	1.	83.94	3.056	0.823	1.125	667.9	0.480	20.24
Japanese Yen 1,000	3.049	4.174	11.91	1000.	36.41	9.809	13.40	7957.	5.723	241.2
French Franc 10	0.837	1.146	3.272	274.6	10.	2.694	3.680	2185.	1.572	66.25
Swiss Franc	0.311	0.425	1.214	101.9	3.712	1.	1.366	811.0	0.583	24.58
Dutch Guilder	0.228	0.311	0.889	74.63	2.717	0.732	1.	593.9	0.427	18.00
Italian Lira 1,000	0.383	0.524	1.497	125.7	4.575	1.233	1.684	1000.	0.719	30.31
Canadian Dollar	0.533	0.729	2.082	174.7	6.363	1.714	2.342	1391.	1.	42.14
Belgian Franc 100	1.264	1.731	4.940	414.7	15.10	4.068	5.560	3300.	2.373	100.

EURO-CURRENCY INTEREST RATES (Market closing rates)

Sept. 3	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	D-mark	French Franc	Italian Lira	Belgian Franc Conv.	Belgian Franc Fin.	Yen	Danish Krone
Short-term	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
7 days' notice	11⅛-11⅝	8-8⅛	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Month	11¾-11⅞	8⅛-8¼	8⅝-9⅛	5¼-5⅞	4⅛-4⅝	4⅝-4¾	9⅝-9¾	11¾-12⅜	9⅛-9⅝	9-9⅛	6½-6⅛	8⅝-9¼
Three months	11⅝-12⅛	8⅛-8¼	9⅛-9⅝	5¾-5⅞	4⅝ 4¾	4⅝ 4¾	10⅛-10⅝	12⅛-13¼	9⅝ 9⅞	9⅝-9⅞	6⅛-6⅞	8¾-9¼
Six months	11⅝-11⅞	8⅝ 8⅞	9⅛-9¾	5⅝-5⅞	4¾-4⅞	4⅝ 4⅞	11⅛-11⅞	13-13¾	10-10¼	9⅝-9¾	6⅛-6⅝	8¾-9¼
One year	11⅛-11¼	8⅝ 8⅞	9¾-10	5⅝-5⅞	4¾-4⅞	4¾ 4⅞	11⅞-11⅞	13⅝-14⅛	10⅛-10⅞	9⅛-9⅞	6⅞-6¾	9-9½

Asian $ (closing rates in Singapore): Short-term 8-8⅛ per cent; seven days 8-8⅛ per cent; one month 8-8⅛ per cent; three months 8⅛-8⅜ per cent; six months 8¼-8⅜ per cent; one year 8⅝-8¾ per cent. Long-term Eurodollars: two years 9½-9⅝ per cent; three years 10-10⅛ per cent; four years 10⅛-10½ per cent; five years 10⅜-10⅝ per cent nominal. Short-term rates are call for U.S. dollars and Japanese yen; others two days' notice.

MONEY MARKETS

Surplus provides better conditions

Maturity of 8¼ per cent Treasury Convertible stock flooded the money market with surplus liquidity yesterday, taking the pressure off very short term interest rates. Between £500m and nearly £1bn flowed into the market from the redemption, and was reflected in Exchequer transactions adding some £815m to liquidity. A fall in the note circulation provided £60m and above target balances at the banks another £60m. These outweighed bills maturing in official hands, repayment of late assistance and a take-up of Treasury bills of £642m.

The easier conditions kept the short end of the market mainly below 12 per cent. Seven-day money fell to 11⅞-11⅝ per cent from 11⅞-12¼ per cent and three-month interbank finished at 11⅜-11⅞ per cent compared with 11⅞-11⅝ per cent. Overnight funds touched a peak of 12 per cent, but closed at around 2 to 3 per cent. Discount houses buying rates for three-month eligible bank bills were steady at 11⅛ per cent.

UK clearing banks base lending rate 11½ per cent since July 30

The Bank of England forecast a market surplus of £300m in the morning, but changed this to £350m in the afternoon. There was no official intervention before lunch. In the afternoon the authorities sold £318m Treasury bills to the market to absorb the surplus. At first £25m bills were sold, maturing on Friday, at 11¼ per cent. A further £293m bills were then sold, maturing on Friday, at 10⅞-11¼ per cent.

The temporary facilities for the banks, renewed yesterday until October 7, were at a rate of 11⅛ per cent. The Bank of England also announced that the temporary facilities, expiring on September 9, will be partly renewed until October 14. About £1bn of the expiring £1.5bn will be rolled over.

In Frankfurt call money fell to 4.75 per cent from 4.90 per cent, as money market conditions improved after a period of tight liquidity last week. End of month pressures pushed call money up to a peak of 5.50 per cent on Friday, as high as the Lombard rate, while banks borrowed a large DM 4.1bn in Lombard debt. The repayment of this borrowing kept rates reasonably firm on Monday.

MONEY RATES

Sept. 3	Frankfurt	Paris	Zurich	Amst'dam	Tokyo	Milan	Brussels	Dublin
Overnight	4.7-4.8	9¾	1⅛-1⅞	5¼-5⅝	6.46870	14⅛-14½	9.08	11¼-21½
One Month	4.60 4.75	9⅝-9¾	4⅛-4⅝	5¼-5⅝	6.40625	13⅞-14¼	8⅞-9⅛	10⅝-10⅞
Two Months	4.60-4.75	9⅝-9¾	—	—	—	—	—	10⅛-10¾
Three Months	4.60-4.75	9⅝-9⅞	4⅝-4⅝	5¾-5⅞	6.34375	14⅛-14½	9¼-9⅛	10⅛-10⅝
Six Months	4.60-4.75	9¾-9⅞	—	5⅝-5¾	—	—	9⅛-9¾	10¼-10½
Lombard	5.5	—	—	—	—	—	—	—
Intervention	—	9⅝	—	—	—	—	—	—

LONDON MONEY RATES

Discount Houses Deposit and Bill Rates

Sept. 3 1985	Sterling Certificate of deposit	Interbank	Local Authority deposits	Company Deposits	Market Deposits	Treasury (Buy)	Treasury (Sell)	Eligible Bank (Buy)	Eligible Bank (Sell)	Fine Trade (Buy)
Overnight	—	2-12	10¾-11	6-11¼	2-11¾	—	—	—	—	—
2 days notice	—	—	11⅝-11¾	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	11¼-10	11⅝	11⅞-12	11½-11⅝	—	—	—	—	—
One month	11⅞-11¾	11⅞-12	11¾	12	11⅝	11⅝	11⅛	11⅝-11⅞	11⅛-11⅞	12
Two months	11⅞-11⅞	11⅞-11⅞	11⅞	12	11¼	11¼	11⅛	11¼	11⅞	11⅞
Three months	11⅛-11⅝	11⅞-11¾	11⅞	11⅞	11	11	10⅞	11⅛	11⅛	11⅞
Six months	11⅛ 11	11⅞-11⅞	11⅞	—	—	—	—	10⅞-10⅞	10⅞-10⅞	11⅞
Nine months	10⅞-10⅞	11⅞-11⅞	11⅞	—	—	—	—	—	—	—
One year	10⅞-10¾	11⅛-11⅞	11⅛	—	—	—	—	—	—	—

	Local Auth. negotiable bonds	Local Authority Deposits	Finance House Deposits	$ Cert of Deposits	SDR Linked Deposits	ECU Linked Deposits
One month	12⅛-11⅞	—	11⅞	7.9-8.0	7⅞-7⅞	8⅛-8⅛
Two months	12⅛-11⅞	—	11¾	7.9-8.0	7¾-8	8½-8⅝
Three months	12-11⅞	—	11⅝	7.95-8.05	7⅞-8⅛	8⅝-8¾
Six months	11⅛-11¼	—	11⅝	8.1-8.2	7⅞-8⅛	8⅞-8⅞
Nine months	11⅛-11⅛	—	11¼	8.35-8.45	—	—
One year	11⅛-10⅞	—	11⅛	8.5-8.6	8⅛-8⅜	8⅞-9
Two years	—	11⅞	—	—	—	—
Three years	—	11⅛	—	—	—	—
Four years	—	11⅛	—	—	—	—
Five years	—	11⅛	—	—	—	—

ECGD Fixed Finance IV: Average rate of interest period August 7 to September 3 (inclusive): 11.574 per cent. Local authority and finance houses seven days' notice, others seven days' fixed. Finance Houses Base Rate (published by the Finance Houses Association): 12 per cent from September 1 1985. London and Scottish Clearing Bank Rates for lending 11½ per cent. Bank Deposit Rates for sums at seven days' notice 0.25-8.625 per cent (net). Treasury Bills: Average tender rate of discount 11.0008 per cent. Certificates of Tax Deposits (Series 6): Deposits £100,000 and over held under one month 11¼ per cent; one-three months 11½ per cent; three-six months 11¼ per cent; six-nine months 11¼ per cent; nine-12 months 11 per cent. Under £100,000 10½ per cent from August 9. Deposits held under Series 6 11 per cent. The rate for all deposits withdrawn for cash 7½ per cent.

MONEY RATES

NEW YORK (Lunchtime)

Prime rate	9½
Broker loan rate	8⅞-9
Fed funds	8⅞
Fed funds at intervention	8⅞

Treasury Bills

One month	6.99
Two month	7.08
Three month	7.35
Six month	7.68
One year	8.03

Treasury Bonds

Two year	8.94
Three year	9.34
Four year	9.58
Five year	9.77
Seven year	10.15
10 year	10.25
30 year	10.47

FT LONDON INTERBANK FIXING

(11.00 a.m. Sept. 3)

3 months U.S. dollars	
bid 8 1/8	offer 8 1/4

6 months U.S. dollars	
bid 8 5/16	offer 8 7/16

The fixing rates are the arithmetic means, rounded to the nearest one sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

FINANCIAL FUTURES

Narrow range

Prices moved in a narrow range on the London International Financial Futures Exchange yesterday. Profit taking lent support to dollar denominated contracts, while short sterling and gilt futures finished near the day's lowo as sterling lost ground to the strong dollar. December Eurodollars opened slightly lower ot 91.49, and traded in a narrow range of 91.48 to 91.50 until Chicago opened. The level of 91.48 was a technical support point, but as expected Chicago traders drove the contract through that level to a low of 91.45. After several attacks December Eurodollars refused to move lower, and bounced back to close near the day's peak at 91.50 on profit taking. A high Federal funds rate tended to depress both Eurodollar and Treasury bond futures during the afternoon. Bonds for December delivery opened steady at 76-05, and also traded in a narow range until Chicago pushed the price down to a low of 75-26.

The weakness of the pound against the dollar pushed three-month sterling deposits for December down to close at the day's low of 89.26

LONDON

THREE-MONTH EURODOLLAR $1m points of 100%

	Close	High	Low	Prev
Sept	91.81	91.81	91.78	91.83
Dec	91.50	91.51	91.45	91.51
March	91.12	91.11	91.06	91.13
June	90.74	90.74	90.70	90.73
Sept	90.38	90.38	90.34	—

Est. Volume 5,698 (1,647)
Previous day's open int. 19,801 (19,686)

THREE-MONTH STERLING £500,000 points of 100%

	Close	High	Low	Prev
Sept	88.36	88.39	88.32	88.38
Dec	89.26	89.36	89.26	89.36
March	88.58	88.63	88.58	88.66
June	89.50	89.55	89.48	89.61
Sept	—	—	—	89.65

Est. Volume 1,454 (1,048)
Previous day's open int. 7,157 (7,067)

20-YEAR 12% NOTIONAL GILT £50,000 32nds of 100%

	Close	High	Low	Prev
Sept	111-22	111-26	111-21	111-28
Dec	111-28	112-04	111-27	112-04
March	112-12	—	—	112-20

Est. Volume 1,300 (1,206)
Previous day'n open int. 3,199 (3,469)
Basis quote (clean cash price of 13¼% Treasury 2004/08 less equivalent price of near futures contract) −2 −0 (32nds).

STERLING £25,000 $ per £

	Close	High	Low	Prev
Sept	1.3700	1.3750	1.3690	1.3800
Dec	1.3595	1.3630	1.3590	1.3680
March	1.3515	—	—	1.3610

Est. Volume 170 (44)
Previous day'n open int. 3,500 (3,488)

DEUTCSHE MARKS DM125,000 $ per DM

	Close	High	Low	Prev
Sept	0.3505	0.3510	0.3503	0.3528
Dec	0.3536	0.3555	0.3542	0.3562

Est. Volume 50 (98)
Previous day's open int. 270 (246)

SWISS FRANCS SwFr 125,000 $ per SwFr

	Close	High	Low	Prev
Sept	0.4256	0.4276	0.4252	0.4298
Dec	0.4297	0.4317	0.4317	0.4332

Est. volume 48 (42)
Previous day's open int. 208 (206)

JAPANESE YEN Y12.5m $ per Y100

	Close	High	Low	Prev
Sept	0.4177	0.4180	0.4177	0.4198
Dec	0.4198	0.4210	0.4210	0.4214
March	0.4221	—	—	0.4237

Est. volume 36 (56)
Previous day'n open int. 173 (173)

FT-SE 100 INDEX £25 per full index point

	Close	High	Low	Prev
Sept	133.40	134.60	133.10	133.70
Dec	133.90	135.05	133.90	134.25

Est. volume 318 (143)
Previous day's open int. 1,623 (1,572)

U.S. TREASURY BONDS 8% $100,000 32nds of 100%

	Close	High	Low	Prev
Sept	77-05	77-08	76-28	77-09
Dec	76-07	76-07	75-26	76-08
March	75-07	—	—	75-06

Est. Volume 2,274 (229)
Previous day's open int. 1,834 (1,777)

CHICAGO

U.S. TREASURY BONDS (CBT) 8% $100,000 32nds of 100%

	Latest	High	Low	Prev
Sept	77-05	77-06	76-28	77-04
Dec	76-01	76-03	75-25	76-01
March	75-01	75-02	74-24	75-00
June	—	74-04	73-28	74-02
Sept	73-07	73-07	73-00	73-05
Dec	—	—	—	72-12
March	—	—	—	71-30
June	70-31	70-31	70-31	70-30
Sept	—	—	—	—
Dec	—	—	—	69-23
March	—	—	—	69-06

U.S. TREASURY BILLS (IMM) $1m points of 100%

	Latest	High	Low	Prev
Sept	92.94	92.94	92.92	92.96
Dec	92.63	92.64	92.58	92.63
March	92.28	92.28	92.25	92.28
June	91.83	91.88	91.80	91.92
Sept	91.60	—	91.60	91.61
Dec	—	—	—	91.32
March	—	—	—	91.06
June	—	—	—	90.79

CERT. DEPOSIT (IMM)

	Latest	High	Low	Prev
Sept	92.14	92.16	92.10	92.15
Dec	91.80	91.80	91.76	91.85
March	—	—	—	91.43
June	—	—	—	91.03

THREE-MONTH EURODOLLAR (IMM) $1m points of 100%

	Latest	High	Low	Prev
Sept	91.80	91.80	91.77	91.86
Dec	91.48	91.48	91.44	91.52
March	91.10	91.11	91.07	91.12
June	90.71	90.72	90.68	90.72
Sept	—	90.35	90.32	90.36
Dec	90.01	90.01	89.98	90.01
March	89.69	89.69	89.65	89.68
June	89.38	89.38	89.35	89.38

STERLING (IMM) Se per £

	Latest	High	Low	Prev
Sept	1.3695	1.3730	1.3675	1.3875
Dec	—	1.3625	1.3565	1.3765
March	1.3520	1.3560	1.3510	1.3700
June	—	—	—	1.3700

GNMA (CBT) 8% $100,000 32nds of 100%

	Latest	High	Low	Prev
Sept	—	76-10	76-10	76-16
Dec	—	75-22	75-06	75-22
March	—	—	—	74-28
June	—	—	—	74-06
Sept	—	—	—	73-20

Company Notices

Art Galleries

Clubs

LONDON SHARE SERVICE

BRITISH FUNDS

1985 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
		"Shorts" (Lives up to Five Years)				
101¾	99⅜	Exch 12¼pc 1985	100	—	12.25	11.61
101⅛	99⅛	Exch. 11¾pc '86	100¼	—	11.72	11.06
99½	97⅛	Treas 10pcCnv 1986	99⅝	−⅛	10.07	11.24
95⅞	92¾	Treas 3pc 1986	95⅝	—	3.14	9.52
100	97½	Exch. 10½pc Cv '86	99⅝	—	10.53	10.96
101⅞	99⅛	Treas. 12pc 1986	100¼	....	11.91	10.85
98⅛	94⅛	Treas 8¾pc 1984-86‡‡	98⅛	+⅛	8.64	10.52
105⅜	102⅛	Exch. 14pc 1986	103⅛	−⅛	13.55	10.77
94⅛	87⅝	Exch. 2½pc 1986	94⅛	+⅛	2.65	7.46
104⅛	101⅛	Exch. 13¼pc 1987	103⅛	...	12.84	10.62
99⅞	96⅛	Treas 10¼pcCv '87	99⅛	+⅛	10.30	10.53
92⅞	85⅛	Exch 2½pc 1987	92⅛	+⅛	2.69	7.74
99⅞	96⅛	Exch. 10½pc 1987	99⅞xd	+⅛	10.51	10.59
94⅛	89	Funding 6½pc '85-87‡‡	94⅛	+⅛	6.89	10.29
99⅛	95½	Treas. 10pc 1987	98⅞	....	10.11	10.63
90⅞	84⅛	Treas 3pc 1987	90¼	−⅛	3.30	8.40
102⅞	99⅝	Treas. 12pc 1987	102⅛	+⅛	11.73	10.71
95	90⅛	Treas 7¾pc 1985-88‡‡	94⅞	−⅛	8.17	10.21
99⅞	95⅛	Exch 10½pc '88	99⅝	....	10.54	10.63
97⅞	93⅛	Treas 9¾pc Cv '88	97⅞	....	9.98	10.71
86½	80	Transport 3pc '78-88	86⅛	—	3.49	8.66
96⅞	91½	Treas. 9½pc '88	96⅞	....	9.82	10.74
102¾	97½	Treas 11½pc 1989	102⅛	—	11.23	10.67
96⅝	90¼	Treas 9½pc Cnv. '89	96⅛	...	9.86	10.72
82⅝	79	Treas 3pc 1989	82⅛	....	3.63	8.60
99⅞	94	Treas 10½pc 1989	99⅝	+⅛	10.55	10.60
98⅛	92	Exch. 10pc 1989	97⅞	—	10.22	10.67
101¼	95	Exch 11pc 1989	101⅛xd	+⅛	10.88	10.68
85⅞	79	Treas 5pc 1986-89	85⅛	−⅛	5.85	9.33
108⅝	103⅛	Treas 13pc 1990‡‡	108⅜	....	12.00	10.54
101⅝	96⅞	Exch 11pc 1990‡‡	101⅛	−⅛	10.86	10.62
108¾	100¾	Exch. 12½pc 1990	106⅞xd	....	11.73	10.66
77⅞	75¼	Treas. 3pc 1990●	77⅞	—	3.86	8.94
93	87¼	Treas 8¼pc 1987-90‡‡	92⅛	—	8.94	10.31
		Five to Fifteen Years				
101	91⅞	Treas. 10pcCv 1990	100¼	—	10.29	10.72
105¼	97¼	Treas 11¾pc 1991	105½	—	11.33	10.79
87⅝	80	Funding 5¾pc '87-91‡‡	85xd	—	6.73	9.13
105¼	95	Exch. 11pc 1991	105	....	10.89	10.73
111¼	101⅜	Treas 12¾pc 1992‡‡	110¼	....	11.73	10.80
99½	88⅝	Treas 10pc 1992	97⅝	....	10.28	10.59
102⅝	94¼	Treas 10½pc Cv 1992‡‡	102½	—	10.60	10.69
110¼	98¼	Exch. 12¼pc '92	106¼	−⅛	11.51	10.91
117⅞	105	Exch 13½pc 1992	111½xd	−⅛	12.04	10.98
111¼	101¼	Treas 12½pc 1993‡‡	110⅛	−⅛	11.54	10.88
83⅝	74⅞	Funding 6pc 1993‡‡	80⅝xd	....	7.43	9.47
119⅝	109¼	Treas 13¾pc 1993‡‡	119	−⅛	11.95	10.90
125¼	111¼	Treas 14½pc 1994‡‡	120⅛xd	−⅛	12.06	10.80
119	108¼	Exch 13½pc 1994	118⅝	−⅛	11.86	10.97
113⅞	100¼	Exch. 12½pc 1994	109⅛	−⅛	11.48	10.91
99	86¼	Treas 9pc 1994‡‡	93¼	−⅛	9.89	10.53
108⅛	98⅛	Treas 12pc 1995	107⅛	—	11.29	10.90
71¼	62¼	Gas 3pc '90-95	72	—	4.29	7.41
98⅝	89⅝	Exch. 10¼pc 1995	98⅛	−⅛	10.58	10.76
115⅞	106¼	Treas 12¾pc 1995‡‡	115⅝	....	11.41	10.80
121¼	110¼	Treas. 14pc '96	120	+⅛	11.83	10.98
94¼	84¼	Treas 9pc 1992-96‡‡	98⅛xd	....	9.93	10.50
132⅝	121¼	Treas 15¼pc 1996‡‡	131⅞	....	12.04	10.93
120	110¼	Exch 13¼pc 1996‡‡	119⅝	−⅛	11.47	10.75
77⅛	68½	Redemption 3pc 1986-96	75¼xd	—	3.95	6.00
118⅝	108⅛	Treas 13¼pc 1997‡‡	117⅝	−⅛	11.42	10.76
102⅝	90½	Exch 10½pc 1997	99¼	....	10.62	10.67
91⅞	80½	Treas 8¾pc 1997‡‡	88⅛xd	....	9.91	10.49
132	120⅝	Exch. 15pc 1997	131⅝	−⅛	11.88	11.01
96	87⅝	Exch. 9¾pc 1998	95⅛	—	10.36	10.60
78¼	70⅞	Treas 6¾pc 1995-98‡‡	77⅞	−⅛	8.94	10.23
138⅛	122⅝	Treas. 15½pc '98‡‡	130½xd	−⅛	11.78	10.91
112⅝	103¼	Exch. 12pc 1998	112⅛	....	11.02	10.71
95⅛	86⅝	Treas 9½pc 1999‡‡	94½	−⅛	10.20	10.45
116¼	103⅝	Exch. 12¼pc 1999	110⅛xd	−⅛	11.02	10.69
102⅞	94¼	Treas. 10½pc 1999	102⅝	—	10.55	10.56
100⅞	92¼	Conversion 10¼pc 1999	100⅝	—	10.49	10.55
119⅝	109⅝	Treas. 13pc 2000	118¼	—	11.12	10.69
		Over Fifteen Years				
125⅞	115⅛	Treas. 14pc '98-01	125⅛	−⅛	11.56	10.88
97⅛	92	Conversion 9¾pc 2001	95¼	—	10.25	10.38
111¼	102	Exch. 12pc '99-02	110⅝	—	10.99	10.68
101½	92¼	Conversion 10pc 2002	100¼	−¼	10.34	10.41
25⅛	24⅞	Treas 9¾pc2002(£25pd)●	24⅞	−⅛	10.18	10.27
124¼	114⅝	Treas. 13¾pc 2000-03	123⅛	....	11.29	10.77
113¼	101⅛	Treas. 11½pc 2001-04	107¼xd	−⅛	10.68	10.49
99½	95⅞	Treas. 10pc 2004	99	−⅛	10.28	10.33
51⅛	46⅛	Funding 3½pc '99-04	51	....	6.93	9.00
97⅛	89⅞	Conversion 9½pc 2004	96⅞	−⅛	10.17	10.28
108⅝	94½	Exch 10½pc 2005	101¼xd	−⅛	10.27	10.24
120⅛	111⅛	Treas. 12½pc 2003-05	119⅝	−⅛	11.78	10.50
85⅞	79	Treas. 8pc 2002-06‡‡	81⅝xd	....	9.72	10.04
113⅞	103⅝	Treas. 11¾pc 2003-07	111½	−⅛	10.67	10.47
130¼	117½	Treas. 13½pc '04-08	123⅛xd	−¼	10.87	10.52
63⅝	57¼	Treas. 5½pc 2008-12‡‡	60½xd	....	9.13	9.67
81¼	75¼	Treas. 7¾pc 2012-15‡‡	81	−⅛	9.67	9.82
121	112	Exch. 12pc '13-'17	120⅛	−⅛	10.22	10.12
		Undated				
40¼	37⅛	Consols 4pc.	40⅛	+⅛	10.06	—
36¼	33⅛	War Loan 3½pc‡‡	36⅛	....	9.94	—
45⅛	41⅛	Conv. 3½pc '61 Aft.	44¼xd	+¼	7.86	—
31⅛	28⅛	Treas. 3pc '66 Aft.	29¼xd	+¼	10.00	—
25⅛	23½	Consols 2½pc.	25⅛xd	+⅛	9.87	—
26⅛	23⅝	Treas. 2½pc.	23xd	+⅛	9.93	—

Index-Linked

1985 High	Low	Stock	(b)	Price £	+ or −	(1)	(2)
115⅞	105⅛	Treas. 2pc '88	(297.1)	115½xd	−⅛	3.50	4.76
99½	91½	Do. 2pc '90	(333.9)	99½	....	3.64	4.39
114⅛	108⅛	Do. 2pc '96	(267.9)	113xd	....	3.65	3.97
103½	98	Do. 2½pc '01	(308.8)	100¼xd	....	3.52	3.76
103½	96⅛	Do. 2½pc '03	(310.7)	100¼	....	3.47	3.69
106⅛	99⅝	Do. 2pc '06	(274.1)	104	—	3.35	3.54
103⅝	96⅛	Do. 2½pc '09	(310.7)	100½	....	3.29	3.47
107⅝	101	Do. 2½pc '11	(294.1)	105	—	3.26	3.43
90⅛	85⅛	Do. 2½pc '13	(351.9)	88	—	3.21	3.37
98⅛	91⅛	Do. 2½pc '16	(322.0)	95⅛	—	3.20	3.35
97⅝	91	Do. 2½pc '20	(327.3)	94⅛	....	3.16	3.30

Prospective real redemption rate on projected inflation of (1) 10% and (2) 5%. (b) Figures in parentheses show RPI base month for indexing, ie 8 months prior to issue. RPI for December 1984: 358.5 and for July 1985: 375.7.

INT. BANK AND O'SEAS GOVT STERLING ISSUES

CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS

Building Societies

Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

AMERICANS

AMERICANS—Cont.

CANADIANS

BANKS, HP & LEASING

Hire Purchase, Leasing, etc.

BEERS, WINES & SPIRITS

BUILDING, TIMBER, ROADS

BUILDING, TIMBER, ROADS—Cont.

CHEMICALS, PLASTICS

DRAPERY AND STORES

DRAPERY & STORES—Cont.

ELECTRICALS

ENGINEERING

ENGINEERING—Continued

FOOD, GROCERIES, ETC

HOTELS AND CATERERS

HOTELS—Continued

INDUSTRIALS (Miscel.)

INDUSTRIALS—Continued

[illegible]

INSURANCES

[illegible]

LEISURE

[illegible]

LEISURE—Continued

[illegible]

MOTORS, AIRCRAFT TRADES

Motors and Cycles

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING, ADVERTISING

[illegible]

PROPERTY

[illegible]

PROPERTY—Continued

[illegible]

SHIPPING

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TOBACCOS

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

INVESTMENT TRUSTS—Cont.

[illegible]

Finance, Land, etc

[illegible]

FINANCE, LAND—Cont.

[illegible]

OIL AND GAS

[illegible]

OVERSEAS TRADERS

[illegible]

PLANTATIONS

Rubbers, Palm Oil

[illegible]

Teas

[illegible]

MINES

Central Rand

[illegible]

Eastern Rand

[illegible]

Far West Rand

[illegible]

MINES—Continued

O.F.S.

[illegible]

Diamond and Platinum

[illegible]

Central African

[illegible]

Finance

[illegible]

Australians

[illegible]

Tins

[illegible]

Miscellaneous

1985 High	Low	Stock	Price	+ or −	Div Net	Cvr	Y'ld Gr's
[illegible]							
		For Anglo Utd Dev see Recent Equities					
350	117	♥Centennial Min's	280		—	—	—
170	60	♥Colby Res Corp.	65		—	—	—
550	287	Cons. Murch. 10c	325		♦Q100c	1.4	9.2
40	24	♥Ennex Int. Ir10p	26		—	—	—
215	115	Hampton Areas 10p	147		3.75	0.9	3.4
260	135	♥Highwood Res	190		—	—	—
£22½	157½	♥Homestake Mining $1	£19		Q20c	—	7.6
310	190	♥McFinley Red Lake	225		—	—	—
335	195	♥Musto Explorations	290		—	—	—
55	23	♥New Sabina Res C$1	45		—	—	—
375	245	Northgate C$1	270		—	—	—
685	533	RTZ	593		20.0	2.7	4.8
1545½	1116½	Do. 9½pcLn '95-2000	£129½	−1	Q9½%	14.8	17.4
£14½	£10	♥Tara Expln $1	£10½		—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock".
- ∗ Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ♦ Figures or report awaited.
- ♥ Not officially UK listed; dealings permitted under Rule 535(4)(a).
- ♣ USM, not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Dealt in under Rule 535(3).
- ¶ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ▲ Same interim: reduced final and/or reduced earnings indicated.
- ♦ Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ‡ No par value.

B.Fr. Belgian Francs. Fr. French Francs. ♦♦ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Tax free. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1984-85. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1984. K Figures based on prospectus or official estimates for 1984. M Dividend and yield based on prospectus or other official estimates for 1985-86. N Dividend and yield based on prospectus or other official estimates for 1985. P Figures based on prospectus or other official estimates for 1983. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish Stocks, the latter being quoted in Irish currency.

Albany Inv 20p	96	
Craig & Rose £1	780	
Finlay Pkg 5p	59	
Higsons Brew	235	
Holt (Jos) 25p	730	
IoM Stm. £1	90	
IRISH		
Fund 12¼% 1988	£101¼	
Nat 9¾% 84/89	£97½	
Fin 13% 97/02	£[illegible]	−1
Arnott	190	+5
CPI Hldgs	61xd	
Carroll Inds.	145	+2
Dublin Gas	75	
Hall (R & H)	60	+2
Heiton Hldgs	25	+6
Irish Ropes	46	
Jacob (W & R)	80½	
Unidare	100	

"Recent Issues" and "Rights" Page 26
(International Edition Page 30)

LONDON STOCK EXCHANGE

MARKET REPORT | **RECENT ISSUES**

Market sentiment unsettled by shakeout in electricals
share index down 5.7 at 1,007.8

Account Dealing Dates

Option *First Dealings	Declara-tions	Last Dealings	Account Day
July 29	Aug 8	Aug 9	Aug 19
Aug 12	Aug 29	Aug 30	Sept 9
Sept 2	Sept 12	Sept 13	Sept 23

* "New-time" dealings may take place from 9.30 am two business days earlier.

An early advance by leading UK equities was brought to a sudden halt yesterday following a sharp mid-morning shakeout in the Electrical majors.

The setback in this area was prompted by nervous selling of BICC ahead of today's half-year statement, while GEC also proved vulnerable to offerings at one stage, reflecting a brokers downgraded profits estimate. Most quotations closed above the worst, but still recorded fairly substantial falls on balance.

Earlier, the scene had been set by a flurry of renewed takeover speculation in Allied Lyons and a small improvement in international stocks as sterling continued to drift lower against the U.S. dollar. BTR, however, resisted the initial firm trend, dullness here being caused by Press talk of a possible rights issue to be announced with the interim figures scheduled for next Wednesday.

The turnround in sentiment was well illustrated by the Financial Times Ordinary share index which recorded a loss of 6.3 at midday after having posted a gain of 3.6 two hours earlier. A minor technical rally left the index 5.7 down on balance at 1,007.8.

Apart from Allied Lyons, speculative interest in some of the recent blue chip favourites appeared to wane. Elsewhere, Hanson Trust's announcement of an increased stake in Bowater prompted a flurry of activity in the latter which closed 15 higher at 350p.

Overall, equity markets presented a rather ragged appearance. Storeo traded on a relatively bright note, but Oilo gave ground after disappointing interim figures from LASMO.

Business in the Gilt-edged sector was again mainly confined to routine trading. Quotations drifted slightly lower again in sympathy with the continuing easier trend in sterling, but showed resilience later in the day when losses in the longs which had ranged to ¼ were reduced to only ⅛ on balance. Movements in the short-dated stocks were limited to a fraction either way.

Willis Faber rise

The dollar's strength and buying ahead of the forthcoming interim dividend season helped Lloyds Brokers make useful progress. Willis Faber, scheduled to report first-half figures next Tuesday, showed to particular advantage with a rise of 21 to 713p, after 715p. Stewart Wrightson put on 12 to 660p and Sedgwick added 8 to 403p, while Heath hardened 5 to 648p and Minet 3 to 205p.

Speculative enthusiasm in the drinks sector switched to Allied-Lyons which attracted a substantial two-way business and advanced 11 to 252p amid revived talk of a bid from a consortium headed by Australia's Eldors IXL. Elsewhere in Breweries, Scottish and Newcastle, touted as a possible target for Argyll Group, improved 5 more to 167p, while Guinness, still benefiting from the success of the bid for Arthur Bell, closed 8 higher at 277p, after 280p. Regionals also showed some sizeable rises, again largely attributable to takeover chatter. Greene King, 226p, Wolverhampton and Dudley, 286p, and Vaux, 365p, all displayed double-figure advances. Distillers were again lively in the wake of Argyll's statement on Monday; marked down to 346p at the outset, the shares soon rallied on the emergence of buyers and touched 355p before closing a net penny up at 353p.

Leading Buildings displayed small irregular movements following a quiet trade. Elsewhere, Cement Roadstone added a penny to 81p awaiting today's half-timer, but Sharpe and Fisher shed 4 to 81p following disappointing interim figures. Profit-taking in the absence of any bid developments clipped 8 from Walter Lawrence at 81p, but Alfred McAlpine continued to reflect the sale of its South African subsidiary with a fresh gain of 6 to 276p.

Firmer initially on currency influences, ICI slipped to 677p on lack of follow-through support before occasional U.S. buying after-hours left the close only 3 cheaper on balance at 681p. Among other Chemicals, Brent gained 7 to 132p; the interim results are due on September 18.

After an encouraging start, business in Stores tailed off and the leaders closed below the best in places. Woolworth attracted renewed demand and rose 8 to a 1985 high of 468p, but W. H. Smith "A," up to 252p earlier, settled only 2 up on balance at 248p. Dixons continued to make impressive progress, however, and advanced 32 more to 855p as recent favourable comment was reinforced by the confident tenor of the chairman's annual statement. James Beattie "A" rose 4 to 84p in reply to the increased mid-term profits, while Ward White, down to 304p initially, staged a good recovery and closed a net 8 up at 318p.

BICC sold

Conditions in the Electrical majors suddenly turned distinctly dull mid-morning yesterday. Nervous selling of *BICC ahead of today's interim figures*, coming hard on the heels of stockbroker's Rowe and Pitman's profits downgrading of GEC prompted the bout of selling, while sentiment was also soured by fears that a major U.S. defence contract could be lost to European competitors. BICC fell 15 to 203p, after 200p, and GEC dipped 8 more to 178p, after 176p. Racal were also 6 lower at 150p, after 146p, while Plessey lost 4 more to 136p. Falls of 6 and 15 respectively were seen in Ferranti, 112p, and Cable and Wireless, 580p. Takeover favourite Thorn EMI, meanwhile, softened 5 to 407p in the absence of any bid developments. Secondary issues were *featured* by a *sharp* fall in Memcom which halved in value to 100p at one stage following the chairman's AGM warning of a significant first-half loss; the shares closed a net 90 down on balance at 110p. Acorn Computers, in their now 10p consolidated form, closed at 95p, effectively 10 lower on the session, but Systems Reliability rose that much to 315p in reply to the increased interim profits. Apricot, formerly Applied Computers, moved up 5 to 130p and Atlantic Computer improved 10 to 320p.

A Press article casting doubts on Evered's ability to launch a successful bid for TI prompted light profit-taking in the latter which closed 9 down at 375p. Vosper dropped to 180p before closing 10 lower on balance at 198p following news of the £2.79m interim deficit, while Hall continued to reflect adverse comment with a further fall of 6 to 120p. IMI lost 4 more to 102p after comment on the half-year results, but M.L. Holdings advanced 15 *afresh* to 330p on further consideration of Border and Southern Stockholder Trust's acquisition of a near-5 per cent stake in the company.

Buyers continued to show interest in selected Food issues. S. & W. Berisford traded firmly throughout and closed 5 dearer at 185. Demand in a restricted market lifted Hazlewood 45 to 753p, while Avana rose 10 to 604p on hopes of a bid from Northern Foods, a couple of pence dearer at 274p. Semportex continued to reflect asset injection hopes in the wake of the offer from Messrs Wray and Mattock for the outstanding 48 per cent of the equity and gained 8 more to 72p.

Bowater below best

The afternoon announcement that Hanson Trust had increased its stake in Bowater from 7 to 8 per cent sparked off speculative buying of the latter on hopes of an eventual outright bid and the shares touched 353p before closing 15 higher on the session at 350p; Hanson hardened a penny to 213p. Elsewhere in miscellaneous industrials, Boots moved up 5 to 208p, after 210p, in the wake of a broker's meeting with the company, while Metal Box continued to reflect Press comment with a further recovery of 15 to 505p. BTR, however, retreated 11 to 355p behind a Press suggestion that the company could announce a sizeable rights issue with its half-year figures next *Wednesday. Brammer fell 7 to* 318p, after 305p, following profit-taking after the interim results, but impressive first-half profits left Ricardo 6 to the good at 104p. Reuters "B" drew encouragement from the dollar's improvement and gained 8 to 328p and *Cookson* put on the same amount to 325p ahead of tomorrow's interim figures. Cope Allman continued firmly at 204p, up 11, in anticipation of today's trading statement, while revived speculative support lifted Booker McConnell 10 to 288p. Hyman, on the other hand, gave up 3 to 32½p following the disappointing results.

The Leisure sector displayed several bright features. Pavilion met with sudden speculative buying and, in a restricted market, gained 10 to 80p, after 62p. *Medminster* rose 14 to 192p on persistent small buying.

Bunzl encountered nervous offerings awaiting today's interim results and shed 13 to 485p. Good Relations remained a volatile market and dipped to 165p prior to closing a net 8 down at 170p. In Newspapers, Fleet Holdings shed 8 to 360p pending further bid developments, but buying ahead of the interim results due on September 11 lifted Haynes Publishing 25 to 350p.

Secondary issues provided the noteworthy movements in Properties. Buying in a restricted market lifted Warnford Investments 30 to 495p. United Real rose 25 to 540p, after 545p, ahead of the annual results due on September 11, while Raglan attracted support following favourable comment on the preliminary figures and put on 1½ to 9½p.

Leading Textiles traded firmly. Courtaulds rose 3 to 140p, while Coats Patons attracted speculative buying and gained 9 to 161p; the latter's interim results are due on September 17.

Among Financials, Exco International rose 5 to 203p, after 207p, following the better-than-expected interim results. Mills and Allen found support at 385p, up 10, while Industrial Finance and Investment rose the same amount to 185p; the latter following Press comment.

Oil shares got off to a bright start, but the tone subsequently deteriorated against a backdrop of vague rumours that Saudi Arabia was selling crude oil at spot prices. LASMO's interim figures were regarded as disappointing in some quarters. LASMO settled 14 lower at 278p, the reaction partly reflecting profit-taking. BP ended 4 off at 571p, after 580p, and Shell closed a couple of pence cheaper at 723p, after 730p. Charterhouse improved 4 to 89p following Saxon's statement regarding acceptances to its offer for the company, but Jebsens Drilling gave up 8 to 75p awaiting the interim figures, due on September 19.

Golds quietly mixed

Activity in South African mining markets remained at an extremely low ebb as investors continued to ponder the ramifications of the economic measures announced over the weekend. The Rand was relatively steady in subdued trading.

Despite indications of the virtual collapse of the strike at some of the Republic's gold and coal mines, Cape operators again proved reluctant to commit fresh funds. Similar conditions prevailed in London, although the Continent provided sporadic support of top-quality Golds. The latter was counter-balanced by small selling from the U.S. where financial markets re-opened following Monday's Labor Day.

Bullion fell steadily throughout the day in the wake of the firmer dollar and the return to work by black miners, and closed $6.25 lower at $328.5 an oz.

Falls among Heavyweight Golds extended to a point in the case of Vaal Reefs, £50⅝. Randfontein eased ⅛ to £52⅞, but other leading issues held close to overnight positions: the FT Gold Mines index was 0.5 off at 291.2.

South African Financials made limited progress, where changed. De Beers firmed a few pence to 307p, while Anglo American put on 10 to 810p. London-registered counters had little to commend them. *Consolidated Gold Fields* traded between extremes of 407p and 400p before settling a couple of pence dearer on balance at 405p.

FINANCIAL TIMES STOCK INDICES

	Sept. 3	Sept. 2	Aug. 30	Aug. 29	Aug. 28	Aug. 27	year ago
Government Secs	83.39	83.37	83.54	83.62	83.58	83.60	79.43
Fixed Interest	88.39	88.37	88.37	88.50	88.50	88.59	82.86
Ordinary ♥	1007.8	1010.5	1010.9	1003.0	991.3	990.1	838.3
Gold Mines	291.2	291.7	290.7	280.1	290.4	306.8	540.3
Ord. Div. Yield	4.67	4.64	4.61	4.67	4.75	4.75	4.90
Earnings, Yld. % (full)	11.49	11.42	11.42	11.56	11.75	11.70	11.48
P/E Ratio (net) (*)	10.79	10.85	10.80	10.71	10.54	10.53	10.47
Total bargains (Est.)	23,662	21,878	24,037	21,388	20,546	20,268	18,714
Equity turnover £m.	—	655.80	473.23	466.98	300.64	245.96	198.76
Equity bargains	—	20,064	25,856	23,962	17,346	18,661	14,221
Shares traded (ml)	—	185.2	231.5	213.6	131.4	183.6	118.3

♥ 10 am 1017.1. 11 am 1016.1. Noon 1007.2. 1 pm 1007.4. 2 pm 1007.6. 3 pm 1007.8. 4 pm 1008.3.

Day's High 1018.2. Day's Low 1006.6.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Ordinary 1/7/35. Gold Mines 12/9/55. SE Activity 1974.

Latest Index 01-246 8026.

* Nil—10.38.

HIGHS AND LOWS | S.E. ACTIVITY INDICES

—	1985 High	1985 Low	Since Compilat'n High	Since Compilat'n Low		Sept. 2	Aug. 30
Govt. Secs.	83.87 (30/7)	78.08 (28/1)	127.4 (9/1/35)	49.18 (3/1/75)	Daily Gilt Edged Bargains	136.4	113.0
Fixed Int.	88.61 (25/6)	82.17 (28/1)	150.4 (28/11/47)	50.53 (3/1/75)	Equities Bargains	102.4	107.3
					Value	718.2	262.0
Ordinary	1024.5 (22/1)	911.0 (26/7)	1024.5 (22/1/85)	49.4 (26/6/40)	5 day Average Gilt Edged Bargains	121.7	121.0
Gold Mines	536.8 (10/4)	280.1 (28/8)	734.7 (10/2/83)	43.5 (26/10/71)	Equities Bargains	143.3	154.7
					Value	742.7	731.5

RISES AND FALLS YESTERDAY

	Yesterday Rises	Falls	Same	On Monday Rises	Falls	Same
British Funds	10	33	58	4	82	21
Corporations, Dom. and Foreign Bonds	1	16	61	4	22	52
Industrials	301	252	920	450	205	818
Financial and Props.	121	68	364	150	75	328
Oils	13	20	92	27	13	79
Plantations	1	1	16	3	1	14
Mines	32	49	98	59	46	75
Others	14	13	215	104	25	113
Totals	499	452	1,824	801	474	1,500

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Tues Sept 3 1985 Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (ACT at 30%)	Est. P/E Ratio (Net)	xd adj. 1985 to date	Mon Sept 2 Index No.	Fri Aug 30 Index No.	Thur Aug 29 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (206)	529.49	−1.3	10.60	4.20	11.80	11.17	536.31	536.78	537.29	508.34
2	Building Materials (22)	559.94	−0.5	11.73	4.73	10.59	13.04	562.86	559.92	559.80	463.22
3	Contracting, Construction (29)	838.68	+0.4	11.93	4.93	10.71	18.82	835.27	833.86	831.13	672.97
4	Electricals (14)	1432.12	−2.1	11.17	5.16	11.35	35.52	1463.42	1476.22	1463.61	1570.09
5	Electronics (38)	1383.18	−2.5	10.90	3.26	12.01	29.85	1418.92	1440.85	1460.16	1808.23
6	Mechanical Engineering (62)	297.90	−0.2	11.05	4.72	11.02	6.48	298.44	298.97	296.51	253.99
8	Metals and Metal Forming (7)	208.07	−1.6	12.05	7.65	10.44	4.13	211.56	211.64	211.41	188.62
9	Motors (16)	170.57	−0.3	12.96	4.96	9.54	3.55	171.08	168.43	167.20	124.21
10	Other Industrial Materials (18)	952.58	−1.8	7.25	3.54	16.73	15.81	970.20	958.08	954.36	687.05
21	CONSUMER GROUP (176)	698.44	+0.2	9.16	3.74	13.62	12.56	696.79	691.43	684.10	513.17
22	Brewers and Distillers (23)	685.25	+0.4	10.07	4.22	12.53	13.83	682.49	680.22	668.41	499.60
25	Food Manufacturing (21)	510.27	—	11.70	4.77	10.99	13.12	510.41	507.22	504.03	402.15
26	Food Retailing (14)	1615.49	+0.3	6.02	2.58	22.42	18.66	1610.60	1600.71	1593.81	1230.97
27	Health and Household Products (9)	1096.27	−0.1	6.18	2.71	19.00	11.95	1097.40	1098.74	1083.36	880.49
29	Leisure (22)	693.32	−0.2	8.16	4.78	16.04	21.26	694.54	693.32	688.33	566.20
32	Newspapers, Publishing (12)	1888.64	−0.5	8.15	4.21	15.78	37.91	1897.93	1888.78	1881.30	1302.04
33	Packaging and Paper (14)	368.20	—	9.65	4.82	12.30	6.36	368.11	364.58	361.35	285.48
34	Stores (42)	696.59	+0.6	7.14	3.05	19.10	9.81	692.50	685.70	676.79	438.46
35	Textiles (16)	343.06	+2.2	12.74	4.79	8.90	8.08	335.75	333.84	328.12	269.20
36	Tobaccos (3)	846.79	−0.2	17.43	5.08	6.50	18.71	848.46	821.57	818.04	668.07
41	OTHER GROUPS (101)	705.20	−0.3	9.01	4.01	14.37	14.29	707.15	707.69	697.55	461.86
42	Chemicals (19)	689.83	−0.4	14.23	5.49	9.29	25.04	692.27	684.86	674.62	685.74
44	Office Equipment (4)	204.45	−0.6	7.82	4.30	15.26	3.64	205.78	206.83	207.28	139.99
45	Shipping and Transport (12)	1199.30	−0.3	7.97	4.35	15.57	26.88	1202.71	1198.78	1181.28	862.18
46	Miscellaneous (64)	863.61	+0.5	7.33	3.69	16.66	14.48	859.06	857.84	852.56	647.74
48	Telephone Networks (2)	921.98	−0.7	8.06	3.52	16.54	14.38	928.80	935.70	916.78	0.0
49	INDUSTRIAL GROUP (483)	662.95	−0.3	9.49	3.93	13.31	12.83	664.74	662.53	656.71	509.55
51	Oils (17)	1207.29	−0.6	15.54	7.19	7.91	51.89	1214.15	1226.09	1197.49	1055.52
59	500 SHARE INDEX (500)	708.57	−0.3	10.29	4.36	12.20	15.96	710.76	709.72	702.02	555.26
61	FINANCIAL GROUP (115)	489.09	—	—	4.90	—	12.90	488.92	489.96	486.36	388.59
62	Banks (6)	493.22	—	18.17	6.00	7.07	19.80	493.08	491.70	481.74	362.53
65	Insurance (Life) (9)	766.19	−0.2	—	4.26	—	15.74	767.86	769.33	766.29	538.20
66	Insurance (Composite) (7)	368.02	−0.3	—	5.33	—	8.53	369.19	372.27	371.56	282.11
67	Insurance (Brokers) (7)	1183.28	+2.0	7.05	3.51	18.98	21.02	1160.56	1164.27	1154.38	866.93
68	Merchant Banks (11)	231.38	+0.1	—	4.81	—	5.05	231.12	234.34	233.78	213.53
69	Property (50)	657.93	−0.5	5.67	3.65	23.67	10.88	660.97	661.02	661.65	597.46
70	Other Financial (25)	278.58	+0.7	10.18	5.93	12.09	9.62	276.64	277.61	275.80	244.30
71	Investment Trusts (106)	593.30	+0.1	—	3.63	—	11.27	592.69	592.56	591.11	515.14
81	Mining Finance (3)	258.34	+0.1	12.57	5.93	9.23	5.36	257.97	257.41	255.94	279.87
91	Overseas Traders (14)	603.73	−0.2	12.42	6.60	9.65	23.86	604.86	603.96	602.25	568.99
99	ALL-SHARE INDEX (738)	645.33	−0.2	—	4.45	—	14.88	646.82	646.26	639.95	513.17

	Index No.	Day's Change	Day's High	Day's Low	Sept 2	Aug 30	Aug 29	Aug 28	Aug 27	Year ago
FT-SE 100 SHARE INDEX	1335.5	−4.8	1344.7	1335.2	1348.3	1340.8	1323.9	1308.2	1310.8	1083.7

FIXED INTEREST

	PRICE INDICES	Tues Sept 3	Day's change %	Mon Sept 2	xd adj. today	xd adj. 1985 to date
	British Government					
1	5 years	119.60	+0.03	119.56	—	7.61
2	5-15 years	132.70	−0.05	132.76	—	9.34
3	Over 15 years	137.43	−0.12	137.58	—	9.42
4	Irredeemables	150.92	+0.18	150.65	—	8.90
5	All stocks	130.62	−0.03	130.65	—	8.81
6	Debentures & Loans	112.61	−0.15	112.79	—	7.33
7	Preference	79.88	—	79.88	—	4.85
	BRITISH GOVERNMENT INDEX-LINKED STOCKS					
8	All stocks	111.54	—	111.54	—	2.41

	AVERAGE GROSS REDEMPTION YIELDS		Tues Sept 3	Mon Sept 2	Year ago (approx.)
	British Government				
1	Low	5 years	9.98	9.97	11.24
2	Coupons	15 years	10.18	10.18	10.79
3		25 years	10.19	10.19	10.31
4	Medium	5 years	10.76	10.76	11.98
5	Coupons	15 years	10.56	10.55	11.22
6		25 years	10.20	10.20	10.55
7	High	5 years	10.87	10.85	12.03
8	Coupons	15 years	10.71	10.70	11.38
9		25 years	10.34	10.33	10.64
10	Irredeemables†		9.79	9.80	10.25
11	Debs &	5 years	11.52	11.50	12.50
12	Loans	15 years	11.39	11.37	12.34
13		25 years	11.26	11.24	12.17
14	Preference†		12.29	12.29	13.21
15	Inflation rate	5%	3.55	3.55	3.81
16		10%	3.36	3.36	3.62

†Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A list of constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 28p.

YESTERDAY'S ACTIVE STOCKS

† Partly paid.

Above average activity was noted in the following stocks yesterday.

Stock	Closing price	Day's change
Acorn Computer	95	−10
Allied-Lyons	252	+11
Bowater Inds.	350	+15
Brammer	318	−7
Celeroll	117	+2
Cookson	325	+8
Fobel Intl.	29	+1
Guinness	277	+8
ICI	681	−3
LASMO	278	−14
Memcom Ind.	110	−90
Ward White	310	+8

MONDAY'S ACTIVE STOCKS

Based on bargains recorded in Stock Exchange Official List.

Stock	No. of changes	Mon. close	Day's change
Semportex	20	65	+16
Distillers	19	352	−6
Israel (Jack L.)	18	28	—
Br. Aerospace†	16	188	−10
Rowntree Mack.	14	415	+20
BTR	16	366	+0
BP	13	575xd	—
Micro Bus. Sys.	13	100	+20
Thorn EMI	13	412	−7
Dixons Group	12	823	+21
ICI	12	684	+10
Jaguar	12	286	+5

EUROPEAN OPTIONS EXCHANGE

Series		Nov. Vol.	Nov. Last	Feb. Vol.	Feb. Last	May Vol.	May Last	Stock
GOLD C	$300	6	27	—	—	—	—	$328.80
GOLD C	$320	48	20	8	22	—	—	"
GOLD C	$340	10	10	14	20.50	—	—	"
GOLD C	$360	1	5.30 A	93	11 A	—	—	"
GOLD P	$320	—	—	16	10.50	—	—	"
GOLD P	$340	94	16.20	1	17 B	—	—	"
		Sept.		Dec.		March		
SILVER C	$550	—	—	4	30	0	45	$616
SILVER P	$650	—	—	7	40	—	—	
[illegible]								

TOTAL VOLUME IN CONTRACTS: 07,058

A=Ask B=Bid C=Call P=Put

NEW HIGHS AND LOWS FOR 1985

NEW HIGHS (104)

BRITISH FUNDS (1)
BANKS (1)
BREWERS (8)
BUILDINGS (7)
CHEMICALS (3)
STORES (16)
ELECTRICALS (5)
ENGINEERING (4)
FOODS (8)
HOTELS (1)
INDUSTRIALS (21)
INSURANCE (2)
MOTORS (1)
LEISURE (1)
PAPER (4)
PROPERTY (6)
TEXTILES (1)
TRUSTS (12)
OILS (1)
MINES (1)

NEW LOWS (23)

BUILDINGS (1)
Feb Intl. A
STORES (2)
Automagic; Greenfield Glacks
ELECTRICALS (5)
Dale Electric Intl.; Security Tag Systems; Intec; *TDS Circuits*; Memcom Intnl.
FOODS (1)
Nunter Saphir
INDUSTRIALS (3)
Armour Trust; Restmor; Chamberlain Phipps
PAPER (1)
Good Relations
TRUSTS (1)
GT Japan
OILS (1)
Firstland Oil & Gas
PLANTATIONS (1)
Rowe Evans Inv.
MINES (7)
Durban Deep; Ventersdorp; Cons. Modderfontein; Free State Dvlpt.; Vlakfontein; Middle Wits.; Elsburg

EQUITIES

Issue price p	Amount paid up	Latest Renunc. date	1985 High	1985 Low	Stock	Closing price p	+ or −	Net Div.	Times covered	Gross Yield	P/E Ratio
§00	F.P.	0/8	63	58	‡ATA Selection 5p	68	+2	bg1.5	2.6	3.4	16.6
180	F.O.	2/8	950	823	Abbey Life 5p	944	−1	b6.6	—	3.0	—
67	F.O.	6/9	88	69	‡Aberd'n Steak H. 5p	94		ug2.2	2.0	3.7	19.0
‡‡	F.P.	—	£20¼	£19	Alex. & Alex. c. $1	£20⅛	+½	—	—	—	—
§34	F.P.	20/9	39	35	Anglo Utd. Dev.	39	..	bd1.05	3.1	3.8	11.0
§158	F.P.	9/8	140	130	‡Appletree 10p	100	−5	b2.6	4.8	2.7	12.8
50	F.P.	18/8	60	44	Baillie G'f'd Shin Npn.	44	−1	—	—	—	—
—	F.O.	10/8	18	13	Do. Warrants	18		—	—	—	—
—	F.P.	—	7	6	Bardsey Pfd. Ord.	6½	+½	—	—	—	—
170	F.O.	22/8	203	195	Bradstock 5p	203	+8	bg5.25	9.4	3.7	15.2
075	900	10/9	253	128	British Aerospace 50p	190	+2	13.86	5.1	0.3	16.7
185	100	1/10	148	117	Britoil 10p	142	+1	t13.0	3.0	8.3	0.5
‖	F.O.	—	145	140	Business Mort. Tst.	140	...	u1.31	3.9	1.6	24.0
§80	F.P.	27/9	82	77	‡CCA Galleries 10p	89	...	bg9.55	9.8	5.8	15.4
‖	F.P.	30/8	100	90	‡CobraEmeraldMines	60		—	—	—	—
§70	F.P.	20/8	76	69	Conrad Hldgs.	89	−2	bg3.5	1.9	7.2	9.1
§110	F.O.	6/9	198	118	ControlTechniques 10p	190		bg3.7	2.7	3.3	14.6
§61	F.P.	—	52	48	‡Dean Park Hotels	48		—	—	—	—
150	F.O.	26/7	130	95	First Security 10p	130		u3.9	2.6	3.8	12.8
Ir.97	F.O.	26/7	77	69	Green Property Ir. 25p	58		12.5	1.3	3.8	25.7
‖	F.P.	—	123	123	Greenwich Resources	123	...	—	—	—	—
§90	F.O.	27/9	26	66	‡Israel (Jack L.) 4p	28		60.3	3.3	2.7	22.2
§110	F.O.	6/9	119	96	‡Lowmar	103	−2	u9.625	0.0	3.6	12.7
§05	F.P.	30/8	72	68	‡Lysander Pet. 5p	68		—	—	—	—
§44	F.O.	—	61	46	‡Michael J. Design 20p	60	−1	1.0	3.6	2.4	18.7
120	F.P.	90/7	116	100	Micro Scope 10p	107	..	b1.6	4.2	2.0	15.0
100	F.O.	4/9	107	87	‡Moss Advertising 5p	82	+2	bg2.45	3.0	3.8	16.6
§170	F.P.	8/8	170	100	‡Oacer Systems 50 61	157	+5	bg3.8c	—	1.9	—
§92	F.O.	8/8	135	102	‡Polypipe 10p	133	+3	b2.9	3.7	3.1	16.7
150	F.O.	2/8	125	93	‡Sapphire Petm. 50p	25		—	—	—	—
110	F.P.	—	110	104	Tiphook 10p	106	..	u3.73	2.1	5.0	10.0
§70	F.P.	—	104	74	‡Trilion 10p	01	−3	bg1.1	4.8	1.7	16.9
110	F.P.	30/8	133	117	‡Yellowhammer 5p	132	...	bg1.8	1.4	1.7	20.0

FIXED INTEREST STOCKS

Issue price £	Amount paid up	Latest Renunc. date	1985 High	1985 Low	Stock	Closing price £	+ or −
87.506	£30	—	30⅞	30	Australia 8½% Ln. 2012	30	−⅛
§96.456	£25	27/11	26¾	80½	Brixton Est. 10¼% 1st. Mort. Deb. 2026	26½	−⅛
‡‡	F.P.	27/9	103	100	Burton 8% Cnv. Uns. Ln. 2001	103	
‡‡	F.O.	25/10	109	106	Guinness 8¼% Cnv. Uns. Ln. 1990-2001	109	+2
¶100	£10	—	13½	10½	Eastbourne Water 8¾% Red. Prf. 1995	13½	
98.466	£30	24/1	31½	29¾	Intl. Bk. for Rec. & Dev. 9½% Ln. 2010	30¼	−¼
§99.865	F.O.	16/10	100⅞	99⅞	Keystone Invs. 11¼% Deb. 2010-16	100¼	
‖	F.P.	16/10	103	100	Macallan-Glen. 6¼ Cnv. Uns. Ln. 2005	103	
90.705	£30	6/9	34¾	29½	Malaysia 10¾% Ln. 2009	32	
—	F.P.	—	100½	99½	Nationwide 11¼% Bds. 11/2/86	100	
—	F.O.	—	100	99½	Do. 11¼% Bds. 1/8/86	99½	−⅛
¶¶	F.O.	—	100	95	REA 8% *Cum. Pref.*	100	
‖	Nil	—	1ppm	1ppm	Wintrust 3¾% Cnv. Cum. Pref.	1ppm	

RIGHTS OFFERS

Issue price p	Amount paid up	Latest Renunc. date	1985 High	1985 Low	Stock	Closing price p	+ or −
90	F.P.	26/9	200	173	‡Applied Holographics 5p	185	
180	F.O.	0/9	309	820	Bestwood 15p	308	+5
47	Nil	—	1pm	6pm	Brit. Vending 10p	11pm	+1
25	F.O.	17/9	29½	28	Brown (J.) A	29	
6	F.P.	11/9	7½	6¼	Dares Est. 5p	7¼	
280	F.P.	16/9	347	305	Extel	347	
360	Nil	27/9	66pm	43pm	Forshaws Burtonwood	43pm	
62	Nil	—	63pm	52pm	Greenwich Resources	52pm	
185	100	28/10	130	29	Hanson Trust	128	
90	F.O.	24/9	33	28	Nelton	35	
230	Nil	—	46pm	2pm	Oceana Dev. Inv. Tst.	2pm	
120	F.P.	30/8	145	126	Prestwich	142	+4
15	Nil	—	4pm	2pm	RTD Group IR 1.70p	3pm	+1
400	F.O.	20/9	668	463	Siebe	650	
425	F.P.	20/9	506	446	TACE 10p	475	
250	F.P.	23/9	300	285	‡Thermal Scientific	285	

Renunciation date usually last day for dealing free of stamp duty. *b* Figures based on prospectus estimates. *e* Assumed dividend and yield. *u* Forecast dividend cover based on previous year's earnings. *t* Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. *p* Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered holders of ordinary shares as a "rights." ** *Issued by way of capitalisation.* §§ Reintroduced. ¶¶ Issued in connection with reorganisation merger or takeover. ▪ Allotment letters or fully paid. ‖‖ Introduction. ‡ Unlisted Securities Market. § Placing price. ‡‡ Dealt in under Rule 535 (3). ♥ Dealt in under Rule 535 (4) (a).

OPTIONS

First Deal-ings	Last Deal-ings	Last Declara-tion	For Settle-ment
Aug 19	Sept 6	Nov 21	Dec 2
Sept 9	Sept 20	Dec 5	Dec 16
Sept 23	Oct 4	Dec 19	Dec 30

For rate indications see end of Share Information Service

Money was given for the call of STC, Cadbury Schweppes, Cookson, Nolton Estates, Flogas, Monument Oil and Gas, Bestwood, Allied-Lyons, Impala Platinum, Polly Peck, Yelverton, British Telecom, Charterhouse Petroleum, Plessey, Brengreen, Greene King, Pentos, Amstrad Consumer Electronics, North Kalgurli, Distillers, LRC International, Riley Leisure and Thorn EMI. *Puts were struck in* Bestwood, Associated Fisheries and Acorn Computer. Double options were transacted in Plessey and Cadbury Schweppes.

LONDON TRADED OPTIONS

Option		Calls Oct.	Calls Jan.	Calls Apr.	Puts Oct.	Puts Jan.	Puts Apr.
B.P. (*571)	460	116	—	—	1	—	—
	500	78	93	100	9	6	11
	550	37	63	60	10	17	25
	600	9	22	28	40	42	47
Cons. Gold (*404)	390	37	47	68	14	20	27
[illegible]							

Option		Calls Nov.	Calls Feb.	Calls May	Puts Nov.	Puts Feb.	Puts May
P. & O. (*400)	360	47	55	—	4	11	—
	390	23	63	40	12	20	23
	420	10	15	23	26	32	35
Racal (*100)	[illegible]						
[illegible]							

[illegible]

WORLD STOCK MARKETS

AUSTRIA

Sept. 3	Price Sch%	+ or —
Creditanstalt	271	+3
Goesser	010	......
Interunfall	1,625	......
Laenderbank	385	......
Perlmooser	640	......
Steyr-Daimler	174	......
Veitscher Mag	565	+1

BELGIUM/LUXEMBOURG

Sept. 3	Price Frs.	+ or —
B.B.L.	2,040	+10
Banq. Gen Lux	7,050	......
Banq. Int. A. Lux	6,800	......
Bekaert B	5,250	+40
Ciment CBR	2,510	+20
Cockerill	207	+2
Delhaize	9,000	+50
EBES	6,015	+65
Electrobel	9,050	......
Fabrique Nat	1,975	—10
GB Inno BM	3,900	+110
GBL (Brux)	1,925	+5
Gevaert	4,000	—73
Hoboken	5,500	+50
Intercom	2,275	+15
Kredietbank	9,100	......
Pan Hldgs	10,050	......
Petrofina	6,130	+20
Royale Belge	12,750	......
Soc. Gen. Banq	3,590	—10
Soc. Gen. Belge	1,830	+40
Sofina	7,390	+10
Solvay	5,000	—30
Stauwick Intl	1,300	......
Tractionel	4,030	+30
UCB	5,110	+110
Wagon Lits	3,405	......

DENMARK

Sept. 3	Price Knr %	+ or —
Andelsbanken	397	+3
Baltic Skand	680	+0
CopHandelsbank	298	+1
D. Sukkerfab	010	+5
Danske Bank	345	+2
De Danske Luft	1,365	......
East Asiatic	257	—3
Forenede Brygg	995	......
Forenede Damp	215	—5
GNT Hldg	505	......
I.S.S.B.	560	......
Jyske Bank	730	......
Novo Ind a	1,815	+20
Privatbanken	510	+3
Provinsbanken	595	+2
Smidth (F.L.) B	274	......
Sophus Berend	1,100	—5
Superfos	401	......

FRANCE

Sept. 3	Price Frs.	+ or —
Emprunt 4½% 1975	1,594	—7
Emprunt 7% 1973	8,475	+33
Accor	201	+10
Air Liquide	585	......
BIC	520	+1
Bongrain	1,720	—20
Bouygues	778	+3
BSN Gervais	2,160	+10
CIT-Alcatel	1,166	—4
Carrefour	2,350	—15
Club Mediter'n	514	—4
Cie Bancaire	559	+5
Cofimeg	988.6	+0.1
Damart	1,940	......
Darty	1,435	......
Dumex S.A.	829	—0
Eaux (Cie Gen)	649	+0
Elf-Aquitane	201	—4
Essilor	2,295	+5
Gen. Occidentale	737	+7
Imetal	89	—1.2
Lafarge Coppee	527	—12
L'Oreal	2,410	+30
Legrand	2,142	......
Maisons Phenix	146.0	—1.5
Matra S.A.	1,710	—14
Michelin B	1,200	—9
Midi (Cie)	3,150	—25
Moet-Hennessy	1,960	—11
Moulinex	80.5	+0.45
Nord Est	96	+0.6
Pernod Ricard	723	+29
Perrier	494.9	—4.1
Petroles Fra	238.1	—0.7
Peugeot S.A.	415	+4
Printemps Au	288.6	—1.2
Radiotech	310	—5
Redoute	1,545	+16
Roussel-Uclaf	1,512	—6
Selimeg	350	—1
Skis Rossignol	1,465	+20
Telemec Elect	2,640	......
Thomson CSF	570	—4
Valeo	240.5	—2.5

GERMANY

Sept. 3	Price Dm.	+ or —
AEG-Telef	140.6	......
Allianz Vers	1,423	+25
BASF	218.7	—1.5
Bayer	218	—2.0
Bayer-Hypo	366	+1
Bayer-Verein	387	+0.5
BHF-Bank	313	—3
BMW	472	—4.5
Brown Boveri	256.5	+4.0
Commerzbank	205.5	—2.6
Cont'l. Gummi	156.3	—0.7
Daimler-Benz	961	+2.5
Degussa	370	—6
D'sche Babcock	109	......
Deutsche Bank	675.5	+0.5
Dresdner Bank	207.3	—1.5
GHH	180	—1.5
Hochtief	750	......
Hoechst	211.5	—1.5
Hoesch Werke	124	—0.9
Holzmann (P)	485xd	+3
Horten	195	......
Hussel	575	—12
Karstadt	258	—3.5
Kaufhof	290	—3
KHD	293	+9
Kloeckner	71.8	+2.9
Linde	541	+5
Lufthansa	230	......
MAN	168.5	+0.5
Mannesmann	203	+1.7
Mercedes Hld	860	+0
Metallgesell	271	—4
Moench Rueck	1,920	......
Nixdorf	538.2	—1.8
Porsche	1,322	—12
Preussag	288	+2
Rhein West Elect	196	—2
Rosenthal	282	+2
Schering	478.5	+2.3
Siemens	548.2	—0.8
Thyssen	129	......
Varta	252	—11
Veba	282.6	—0.5
V.E.W.	151	+1.1
Verein-West	533	......
Volkswagen	329.5	—4.5

ITALY

Sept. 3	Price Lira	+ or —
Banco Com'le	23,800	+200
Bastogi-IRBS	255	......
B.I-Invest	6,270	—80
Centrale	3,825	—25
Credito Varesino	4,550	—10
Fiat	4,250	+01
Finsider	......	......
Generali Assicur.	58,750	+980
Italcementi	46,150	+950
La Rinascente	850	+2
Montedison	9 270	+20
Olivetti	6,680	+121
Pirelli Co	5,330	—51
Pirelli Spa	3,065	+62
Saipem	6,147	—33
Snia BPO	3,550	—21
Toro Assic	19,180	+200
do Pref	14,700	—80

NETHERLANDS

Sept. 2	Price Fls	+ or —
ACF Holding	242	—4
AEGON	100.2	+0.2
Ahold	243.0	+2.6
AKZO	126.8	+1.6
ABN	514.5xr	+1.5
AMEV	295.2	+2.7
AMRO	90.1	+0.2
Bredero Cert	174	+9
Bos Kalis Westm	14.9	—3.3
Buehrmann-Tet	104	+0.6
Calland Hldgs	37.0	—0.7
Dordtsche Pet'm	185	+3
Elsevier-NDU	131.6	......
Fokker	82.2	+3.9
Gist Brocades	213	—1.5
Heineken	149.5	—0.3
Hoogovens	63.4	+0.5
Int Mueller	01	+1
KLM	62.9	+0.2
Naarden	48	—0.0
Nat Ned Cert	74.8	+1.1
Ned Mid Bank	216.5	—1
Nedlloyd	180	+0.3
Oce Grinten	340	+1.5
Ommeren (Van)	28.2	—0.1
Pakhoed	66.5	+0.6
Philips	49.8	+0.7
Robeco	75.7	+0.0
Rodamco	134.8	+0.4
Rolinco	70.1	+1
Rorento	46.2	—0.1
Royal Dutch	200.1	+2.4
Unilever	357.5	+25
VMF Stork	961.0	+16
VNU	224.9	—1.1
Wessanen	175.5	—0.3
West Utr Bank	98	—0.8

NOTES—Prices on this page are as quoted on the individual exchanges and are last traded prices. ‡ Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights.

NORWAY

Sept. 3	Price Kroner	+ or —
Bergens Bank	144.3	+1.5
Borregaard	422.5	—9.5
Christiania Bank	140	+0.5
DenNorske Cred	144.5	—0.5
Elkem	116.5	—2.3
Kosmos	230	......
Kvaerner	101	—9
Norsk Data	382	—5
Norsk Hydro	108	—0.0
Storebrand	257.5	—0.5

SPAIN

Sept. 3	Price Pta%	+ or —
Bco Bilbao	352	......
Bco Central	317	+9
Bco Exterior	200	—2
Bco Hispano	243	......
Bco Popular	330	—2
Bco Santander	348	......
Bco. Vizcaya	442	......
Dragados	134	—1.2
Hidrola	77.6	......
Iberduero	93.8	—0.8
Petroleos	134	—0.3
Telefonica	113	......

SWEDEN

Sept. 3	Price Kronor	+ or —
AGA	129	+4
Alfa-Laval B	192	......
ASEA (Free)	293	......
Astra (Free)	410	+5
Atlas Copco	115	......
Cardo (Free)	230	......
Cellulosa	132	+2
Electrolux B	282	......
Ericsson B	237	+4
Esselte	570	......
Mo och Domsjo	173	—2
Pharmacia	180	+1
Saab Scania Free	405	......
Sandvik	437	+19
Skandia	340	+0
Skan Enskilda	65	......
SKF	228	+2
St Kopparbergs	151	......
Sonesson	149	+1
Sven Handlesbn	180	+2
Swedish Match	195	+2
Volvo B (Free)	259	—1

SWITZERLAND

Sept. 3	Price Frs.	+ or —
Adia Intl	4,000	—25
Alusuisse	810	—2
Bank Leu	3,840	......
Brown Boveri	1,750	—20
Ciba Geigy	3,420	+10
do. (Part Certs)	2,600	......
Credit Suisse	3,075	—10
Elektrowatt	3,440	—15
Fischer (Geo.)	970	+5
Hoff-Roche PtCts	96,250	—750
Hoff-Roche 1/10	2,650	—50
Jacobs Suchard	6,950	......
Jelmoli	2,830	—20
Landis & Gyr	2,070	—20
Nestle	7,300	—50
Oer-Buehrle	1,010	—80
Pirelli	378	+13
Sandoz (Br)	8,775	+50
Sandoz (PtCts)	1,453	—2
Schindler (PtCts)	920	+30
Sika	1,570	......
Surveillance A	3,090	+110
Swissair	1,460	—5
Swiss Bank	478	—9
Swiss Reinsce	13,200	......
Swiss Volksbk	1,870	+5
Union Bank	4,375	—5
Winterthur	4,690	—30
Zurich Ins	5,700	......

AUSTRALIA

Sept. 3	Price Aust $	+ or —
ANZ Group	4.7	......
Alliance Oil Dev	1.05	......
Ampol Pet	2.2	......
Ashton	1.10	—0.03
Aust. Cons. Ind	2.86	......
Aust. Guarantee	2.82	+0.02
Aust. Nat. Inds	2.05	—0.05
AFM	2.75	—0.02
Bell Group	8.0	+0.1
Bell Res	7.1	—0.1
Bond Corp Hldgs	1.8	......
Boral	3.57	+0.05
Bougainville	1.85	—0.02
Brambles Inds	3.86	......
Bridge Oil	2.4	......
B.H. Prop	7.06	—0.02
CRA	5.40	—0.02
CSR	2.9	......
Castlemaine Tys	8.0	......
Coles (G.J.)	4.10	+0.1
Comalco "A"	1.83	......
Consolidated Pet	0.35	......
Costain Aust	1.95	......
Dunlop Olympic	2.35	—0.01
Eldors IXL	3.12	......
Energ Res	1.61	—0.01

AUSTRALIA (continued)

Sept. 3	Price Aust.$	+ or —
Gen. Prop. Trust	2.27	+0.02
Hardie (James)	5.2	......
Hartogen Energy	2.25	......
Herald W'yl'imes	4.65	......
ICI Aust	2.0	—0.1
Jimberlana F.P.	0.28	......
Kia Ora Gold	0.10	+0.01
Land Lease	6.0	—0.1
MIM	2.55	—0.01
Mayne Nickless	3.0	......
Myer Emporium	6.48	+0.08
Nat. Aust. Bank	4.65	+0.01
News	0.82	+0.12
Nicholas Kiwi	9.0	+0.1
North Bkn Hill	2.42	+0.04
Oakbridge	1.2	+0.02
Pancontinental	2.15	+0.05
Pioneer Conc	1.95	......
Poseidon	4.6	......
Queensland Coal	1.68	+0.02
Reckitt & Colman	3.72	......
Repco	1.42	......
Santos	5.4	—0.14
Smith (Howard)	5.7	......
Thos. Natwide	2.2	+0.05
Tooth	5.7	+0.1
Vamgas	5.65	—0.05
Western Mining	3.9	—0.02
Westpac Bank	4.43	......
Woodside Petrol	1.29	......
Woolworths	3.23	......
Wormald Intl	6.94	......

HONG KONG

Sept. 3	Price H.K.$	+ or —
Bank East Asia	22.7	......
Cheung Kong	17.7	—0.3
China Light	15.5	—0.2
Evergo	0.9	......
Hang Seng Bank	44.75	—0.25
Henderson Land	2.15	—0.07
HK China Gas	9.9	......
HK Electric	6.05	—0.15
HK Kowloon Wh.	5.55	—0.2
HK Land	6.05	—0.2
HK Shanghai Bk.	7.55	......
HK Telephone	9.5	—0.15
Hutchison Wpa	26.9	—0.8
Intnl. City	0.88	—0.03
Jardine Math	12	—0.4
New World Dev	7.55	—0.2
Orient O'seas	1.99	......
SHK Props	12.5	—0.3
Shell Elect	1.5	......
Swire Pac A	26.1	—0.3
TV—B	6.2	—0.5
World Int. Hldgs	2.05	—0.05

JAPAN

Sept. 3	Price Yen	+ or —
Ajinomoto	1,260	—50
Alps Electric	1,840	......
Amada	750	—10
Asahi Chem	795	—19
Asahi Glass	790	......
Bridgestone	543	—4
Canon	230	......
Casio Comp	1,300	......
Chugai Pharm	941	—9
Citizen	401	+6
Daiei	680	+14
Dai Nippon Ptg	1,060	—20
Daiwa House	820	—10
Ebara	470	—7
Eisai	1,380	—10
Fanuc	7,600	+90
Fuji Bank	1,590	—20
Fuji Film	1,920	......
Fujisawa	880	—11
Fujitsu	874	—2
Green Cross	2,150	—20
Hasegawa	010	—10
Heiwa Real Est	785	—7
Hitachi	661	—9
Hitachi Credit	1,070	......
Honda	1,350	—40
House Food	792	......
Hoya	1,750	—100
Itoh (C)	443	—6
Ito. Yokado	2,830	+70
Iwatsu	790	+10
JACCS	339	—1
JAL	6,600	+100
Jusco	975	+7
Kajima	450	—15
Kao Soap	950	+10
Kashiyama	729	—1
Kirin	710	—20
Kokuyo	970	—1
Komatsu	574	—7
Konishiroku	680	+0
Kubota	410	+18
Kumagai	812	—11
Kyocera	3,410	—30
Maeda Const	852	—18
Makino Milling	860	—2
Makita	972	+1
Marubeni	397	—8
Marudai	724	—14
Marui	1,400	—30
MEI	1,190	—20
M'ta Elec Works	850	—10
M'bishi Bank	1,540	—10
M'bishi	650	—15
M'bishi Elect	340	—2
M'bishi Estate	950	—5

JAPAN (continued)

Sept. 3	Price Yen	+ or —
MHI	402	—4
Mitsui	429	—6
Mitsui Estate	919	—1
Mitsukoshi	710	......
NGK Insulators	821	—11
Nihon Cement	338	......
Nippon Denso	1,210	......
Nippon Elect	916	+1
Nippon Express	525	—3
Nippon Gakki	1,160	—60
Nippon Kokan	152	—1
Nippon Oil	081	—1
Nippon Seiko	455	......
Nippon Shimpan	872	......
Nippon Steel	176	—1
Nippon Suisan	424	+5
NTV	9,900	—10
Nippon Yusen	314	—5
Nissan Motor	630	......
Nisshin Flour	509	—5
Nisshin Steel	175	+1
Nomura	1,910	—20
Olympus	981	+11
Orient Leasing	2,350	......
Pioneer	1,730	......
Renown	750	—5
Ricoh	885	—5
Sankyo	1,300	+30
Sanyo Elect	390	—3
Sapporo	534	—11
Sekisui Prefab	869	—7
Seven-Eleven	8,850	......
Sharp	800	—7
Shimadzu	700	—2
Shionogi	776	—15
Shiseido	1,160	+10
Sony	3,550	......
Stanley	696	+4
S'tomo Bank	1,770	—60
S'tomo Elect	095	—10
S'tomo Marine	696	—13
S'tomo Metal	154	—3
Taisei Dengyo	560	—6
Taisei Corp	586	—14
Taisho Pharm	1,380	+30
Takeda	923	—12
TDK	5,580	—20
Teijin	497	—5
Teikoku	640	—5
Tokio Marine	885	—5
TBS	870	+18
Tokyo Elect Pwr	2,110	—30
Tokyo Gas	285	—3
Tokyo Sanyo	514	—20
Tokyo Style	1,060	......
Tokyu Corp	019	—10
Toppan Print	790	—5
Toray	555	—13
Toshiba Elect	536	—4
TOTO	862	+2
Toyo Seikan	1,280	—10
Toyota Motor	1,130	—10
Victor	1,330	—20
Wacoal	730	......
Yamaha	856	+1
Yamanouchi	5,250	+70
Yamazaki	625	+2
Yasuda Fire	560	+1
Yokogawa Bdge	640	—40

SINGAPORE

Sept. 3	Price $	+ or —
Boustead Hldgs	1.55	—0.03
Cold Storage	2.9	+0.01
DBS	4.8	......
Genting	0.78	+0.05
Haw Par. Bros	2.06	—0.04
Hong Leong Fin	2.58	—0.02
Inchcape Bhd	2.18	......
Keppel Shipyard	1.15	......
Malay Banking	6.65	......
Malay Utd. Ind	2.41	—0.01
Multi Purpose	0.87	......
OCBC	8.05	—0.05
OUS	2.57	—0.02
Public Bank	1.4	+0.01
Sime Darby	1.77	—0.04
Singapore Press	5.6	......
Straits Trdg	3.08xc	......
Tat Lee Bk	2.39	......
UOB	3 32	—0.02

SOUTH AFRICA

Sept. 3	Price Rand	+ or —
Abercom	1.65	—0.05
AE&CI	7.60	......
Allied Tech	69	—0.0
Anglo Am Coal	07.5	+0.5
Anglo Am Corp	30.0	+0.5
Anglo Am Gold	188	+2
Barclays Bank	18.15	+0.25
Barlow Rand	11.7	+0.25
Buffels	72.5	—5
CNA Gallo	2.3	......
Currie Finance	4.05	+0.05
De Beers	11.4	—0.05
Driefontein	49.25	—0.25
FS Geduld	48.5	+0.5
Gold Fields SA	33	—1
Highveld Steel	5.5	+0.1
Nedbank	11	—1.75
OK Bazaars	12.5	+0.25
Protea Hldgs	2.45	+0.1
Rembrandt	48.5	+0.75
Rust Plat	17.4	—0.2
Safren	15.5	......
Sage Hldgs	9.5	......
SA Brews	7.35	+0.05
Smith (CG)	25	......
Tongaat Hulett	6.0	......
Unisec	5.05	......

CANADA

TORONTO

Prices at 2.30pm September 3

Indices

NEW YORK

	Sept 3	Sep 2	Aug 30	Aug 28	1985 High	1985 Low
AUSTRALIA						
All ord. (1/1/80)	537.9	931.0	931.8	945.8	958.8 (15/8)	115.3 (7/1)
Metals & Mins. (1/1/80)	525.4	526.8	524.5	531.1	583.6 (20/5)	382.5 (7/1)
AUSTRIA						
Credit Aktien (2/1/62)	100.24	100.25	100.13	100.75	105.13 (17/8)	85.21 (2/4)
BELGIUM						
Brussels SE (1/1/80)	2399.20	2389.83	2380.09	2318.50	2398.70 (3/9)	2090.1 (18/1)
DENMARK						
Copenhagen SE (3/1/83)	u	215.65	u	215.52	217.06 (6/8)	158.44 (8/1)
FRANCE						
CAC General (31/12/82)	223.0	223.6	222.5	222.5	233.1 (31/5)	180.8 (3/1)
Ind Tendance (28/12/84)	126.6	126.7	126.8	126.9	138.4 (31/5)	100.1 (3/1)
GERMANY						
FAZ Aktien (31/12/58)	501.82	498.19	501.50	500.81	502.82 (5/7)	382.38 (3/1)
Commerzbank (1/12/53)	1475.8	1485.0	1472.6	1468.3	1488.2 (5/7)	1111.6 (3/1)
HONG KONG						
Hang Seng Bank (31/7/64)	1586.22	1610.17	1658.19	1652.10	1711.51 (19/8)	1220.14 (2/1)
ITALY						
Banca Comm. Ital. (1972)	375.88	373.83	375.98	378.48	378.48 (28/8)	228.56 (2/1)
JAPAN**						
Nikkei-Dow (16/5/49)	12630.96	12726.84	12713.1	12728.80	13040.10 (6/7)	11545.2 (5/1)
Tokyo SE New (4/1/68)	1012.50	1018.30	1018.49	1019.80	1055.91 (6/7)	918.93 (4/1)
NETHERLANDS						
ANP-CBS General (1970)	223.9	221.6	220.5	218.4	223.0 (3/9)	185.6 (3/1)
ANP-CBS Indust (1970)	194.1	193.3	192.8	191.4	194.1 (3/9)	147.9 (3/1)
NORWAY						
Oslo SE (4/1/83)	353.07	356.05	353.83	358.09	380.15 (22/8)	288.10 (2/1)
SINGAPORE						
Straits Times (1966)	751.88	754.78	752.68	747.35	852.85 (7/3)	717.95 (15/7)
SOUTH AFRICA						
JSE Gold (28/9/78)	—	887.2	c	c	1148.8 (15/4)	838.1 (11/2)
JSE Indust (28/9/78)	—	945.3	c	c	1036.6 (17/7)	787.1 (7/3)
SPAIN						
Madrid SE (28/12/84)	110.79	110.81	110.55	110.72	117.41 (4/2)	91.48 (2/1)
SWEDEN						
Jacobson & P (1/1/58)	1374.28	1368.19	1352.12	1337.22	1486.98 (11/2)	1285.32 (9/7)
SWITZERLAND						
Swiss Bank Cpn. (31/12/58)	481.0	483.8	483.5	481.9	483.9 (2/9)	388.7 (3/1)
WORLD						
Capital Intl. (1/1/70)	—	219.4	220.8	220.5	224.3 (17/7)	184.8 (4/1)

* Indicates pre-close figure ** Saturday August 31 Japan Nikkei Dow 12,718.52 TSE 1,017.58 Base values of all indices are 100 except Australia All Ordinary and Metals – 500 NYSE All Common – 50 Standard and Poors – 10; and Toronto Composite and Metals – 1000 Toronto indices based 1975 and Montreal Portfolio 4/1/83 † Excluding bonds ‡ 400 industrials § 400 industrials plus 40 Utilities Financials and 20 Transports c Closed u. Unavailable

OVER-THE-COUNTER

Nasdaq national market, 2.30pm prices

Continued from Page 33

NYSE COMPOSITE PRICES

Continued from Page 33

LONDON

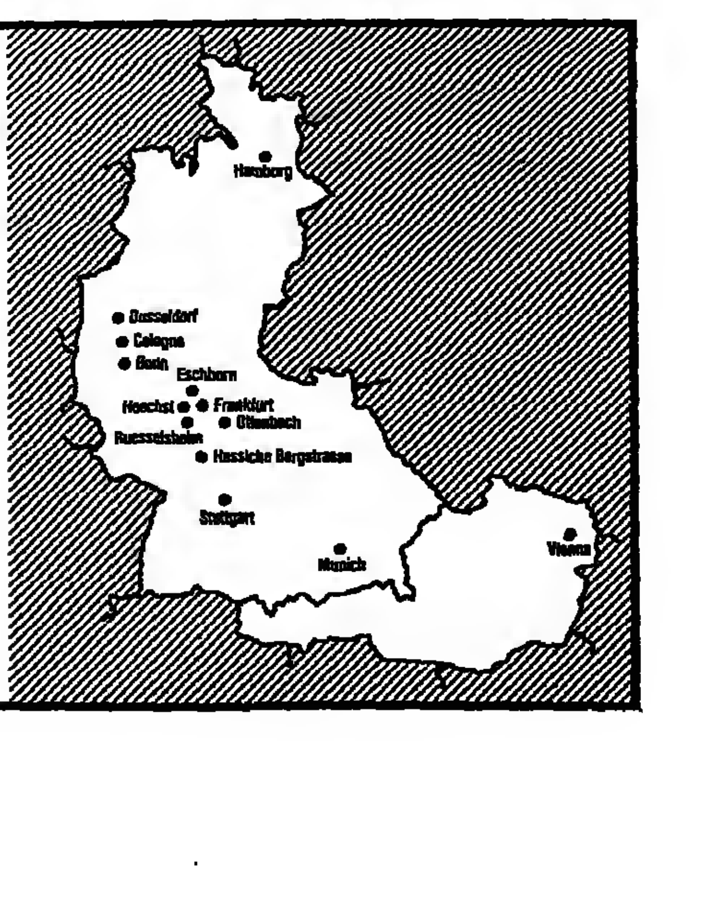
Chief price changes *(in pence unless otherwise indicated)*

RISES

Allied-Lyons	252	+11
Bowater Ind	350	+15
Brent Chem	132	+7
Coats Patons	161	+9
Desoutter	190	+10
Dixons Group	855	+32
Haynes Publish	350	+25
Hazlewood Foods	753	+45
Newb & Burton	82	+10
Pavilion Leisure	60	+10
Reuters B	328	+8
Ricardo	104	+8
Scott & Newca	167	+5
Somportex	72	+6
United Real Prop	540	+25
Warnford Inv	495	+30
Willis Faber	713	+21

FALLS

Acorn Computer	95	—10
BICC	203	—15
BTR	355	—11
Bunzl	485	—13
Ferranti	112	—6
Fleet Hldgs	360	—6
GEC	178	—6
Hall Eng	120	—6
Memcom Int	110	—90
Plessey	136	—4
Racal Elect	150	—8
TI	375	—9
Vosper	198	—10



Prices at 3pm, September 3

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
23⅜	18	AAR	.66	2.4	15	141	22⅞	22½	22⅞	+ ¼
17⅜	9¾	AGS			12	25	15⅞	15⅝	15⅝	− ⅛
16½	9⅝	AMCA				1	11⅝	11⅝	11⅝	
21½	13	AMF	.25l		98	166	13⅝	13⅜	13½	
50¾	24⅛	AMR			7	8236	44¼	43⅝	43¾	− ¼
25⅞	23	ANR pf	2.67	11.		1	23⅝	23⅝	23⅝	
22	16	ANR pf	2.12	10.		1	20¼	20¼	20¼	
14¼	7⅝	APL				16	6⅝	6⅝	6⅝	
81⅛	34¾	ASA	2	5.6		707	36⅛	35⅛	36	− ⅛
27	12½	AVX	.32	2.5	18	301	13⅛	12½	12⅞	− ⅜
28⅛	18⅛	AZP	2.72	11.	7	1238	24½	24¼	24¼	− ⅛
60	36¾	AbtLab	1.40	2.4	16	884	57⅞	56⅛	57⅜	− ⅛
25⅞	28	AccoWd	.50	2.2	17	25	22⅞	22⅝	22⅝	− ⅛
24⅜	12½	AcmeC	.40	2.8		24	14⅛	14	14⅛	
10½	7⅜	AcmeE	.32b	4.1	11	22	7⅞	7⅞	7⅞	
19	15⅛	AdaEx	1.92e	11.		57	17¾	17⅝	17¾	+ ⅛
20	13½	AdmMl	.32	1.9	7	21	16⅝	16⅝	16⅝	+ ⅛
18⅛	8⅝	AdvSys	.53t	4.4	19	155	12½	12	12	− ⅛
40⅜	22⅛	AMD			18	3555	27	26¼	26¼	− ¼
12⅛	6⅞	Advest	.12	1.3	21	73	9¼	9⅛	9⅛	− ⅛
15⅞	9½	Aeroflex			12	218	14⅛	13¾	13⅞	+ ⅛
49⅝	32⅝	AetnLf	2.64	6.0	15	6718	44⅜	43¾	43⅞	− ⅛
57½	52⅜	AetL pf	5.79e	10.		3	57	57	57	
37⅜	18¼	Ahmns	1.20	3.6	6	118	32⅝	32	32	− ½
3⅝	2½	Aileen				20	3¼	3⅛	3⅛	
57	42	AirPrd	1.20	2.5	12	1604	53½	52⅜	52¾	− ⅜
24⅜	15	AirbFrt	.60	2.8	13	40	22⅞	22¾	22¾	− ¼
[illegible]										

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Continued on Page 33

NYSE COMPOSITE PRICES

Continued from Page 32

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close	Ch'ge Prev. Close
[illegible]										

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a–dividend also extra(s). b–annual rate of dividend plus stock dividend. c–liquidating dividend. cld–called. d–new yearly low. e–dividend declared or paid in preceding 12 months. g–dividend in Canadian funds, subject to 15% non-residence tax. i–dividend declared after split-up or stock dividend. j–dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k–dividend declared or paid this year, an accumulative issue with dividends in arrears. n–new issue in the past 52 weeks. The high-low range begins with the start of trading. nd–next day delivery. P/E–price-earnings ratio. r–dividend declared or paid in preceding 12 months, plus stock dividend. s–stock split. Dividends begins with date of split. sls–sales. t–dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u–new yearly high. v–trading halted. vi–in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd–distributed. wi–when issued. ww–with warrants. x–ex-dividend or ex-rights. xdis–ex-distribution. xw–without warrants. y–ex-dividend and sales in full. yld–yield. z–sales in full.

Continued on Page 31

AMEX COMPOSITE PRICES

Prices at 3pm, September 3

Stock	Div.	P/E	Sls 100s	High	Low	Close	Chng
[illegible]							

OVER-THE-COUNTER

Nasdaq national market, 2.30pm prices

Stock	Sales (Hnds)	High	Low	Last	Chng
[illegible]					

Continued on Page 31

FINANCIAL TIMES
WORLD STOCK MARKETS

WALL STREET

Uncertainty generates weakness

UNCERTAINTY over the progess of the economy continued to unsettle Wall Street yesterday as business resumed after the Labor Day break, *writes Terry Byland in New York.*

A bearisb report on August business activity from U.S. purchasing managers weakened stock prices and also reversed Friday's weakness in bonds.

At 3pm, the Dow Jones industrial average was down 7.65 at 1,326.16.

The credit markets had second thoughts about the federal economic data released before the weekend, which seemed to indicate a recovery in the pace of the economy. Bond prices edged higher after a slow start, brushing aside technical firmness in federal funds which brought two-day system repurchases by the Federal Reserve.

But trading was still thin in both bonds and equities, with the major institutions remaining out of the game. Friday's break in the bond market indicated that rates are expected to move upwards. Also pointing to higher rates is the surge in money supply, characterised by Mr Ronald Ferenczi of First Michigan as "eventually inflationary."

In the stock market, prices drifted downwards as the big institutional investors waited for clearer evidence on the trend of the economy and interest rates.

The Dow transportation average was down sharply after Merrill Lynch marked the airline stocks as "okay to sell", because tightening consumer spending may soon hurt ticket sales.

Hardest hit was United, the premier domestic carrier, which fell $1⅞ to $53¼, although trading was very light. Other domestic airlines to fall included Eastern $⅝ off at $10⅛, Delta, $½ down at $45⅝ and American, $⅛ easier at $43⅞.

Pan Am, strong in recent weeks on bid hopes, eased $⅛ to $7⅝ in moderate turnover.

The firm spot was TWA, $⅛ higher at $22⅜ as Wall Street waited to see what Mr Carl Icahn would do with his latest acquisition.

The most active takeover spot, as well as the second most active stock in the market, was SCM, halted with a gain of $2¾ at $69¾ shortly before Hanson Trust of the UK increased its offer to $72 a share. Earlier, the stock topped the $70 a share bid from Merrill Lynch and an SCM management group, as speculators flocked around the bidding contest which could yet bring in new contenders for SCM.

Stock in Travelers Corp eased by $⅝ to $41¼ as the board began an offering of 3.9m shares.

Union Carbide fell $1⅞ to $55⅝ in heavy trading, featuring a block of 900,000 shares traded at $56.

Blue chips made a quiet contrast to the frenzy among bid stocks. Motor issues remained dull in the face of doubts over the outlook for car sales. General Motors eased $⅝ to $67, Ford $⅜ to $43⅞ and Chrysler $½ to $36⅞.

The technology stocks failed to develop any significant trend. IBM, at $126¾, edged up $⅛ but was lightly traded. Digital Equipment eased $⅞ to $104¼ but Burroughs added $⅛ to $64⅝ and Honeywell $⅝ to $62.

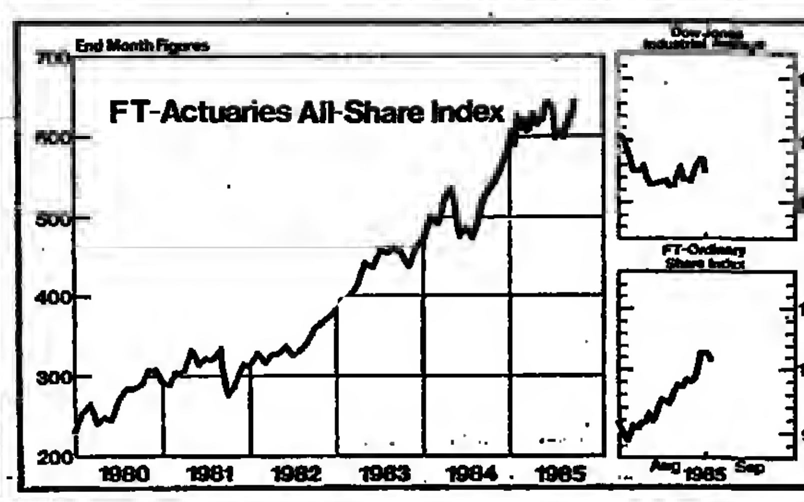
There was brisk turnover in utility stocks, always an indicator of market views on interest rates. Modest falls in Consolidated Edison, $⅛ off at $34⅝, and Commonwealth Edison, $⅛ down at $30⅝, suggested market concern that interest rates may be about to rise, increasing financial burdens on the utility sector.

There were some dull spots among the defence stocks as traders reacted nervously to signs that the federal budget will be renewed shortly. General Dynamics shed $⅝ to $77⅞. United Technologies $⅛ to $40 and Boeing $⅜ to $47⅞.

In the credit markets, federal funds remained high despite the Fed's intervention with system repurchases when the rate touched 8⅞ per cent. Other short-term rates were generally a few basis points higher, but trading was influenced by the resumption of business after the three-day weekend.

The bond market, facing a quiet week on the new issue front, held on to early gains which ranged to less than a quarter of a point. Trading was subdued.

KEY MARKET MONITORS



STOCK MARKET INDICES

NEW YORK	Sept 3	Previous	Year ago
DJ Industrials	1,326.16*	1,334.01	1,224.38
DJ Transport	683.40*	690.66	520.51
DJ Utilities	158.90*	159.67	129.46
S&P Composite	187.54*	188.63	166.68
LONDON	Sept 3	Previous	Year ago
FT Ord	1,007.8	1,013.5	838.3
FT-SE 100	1,335.5	1,340.3	1,105.3
FT-A All-share	645.33	646.82	513.17
FT-A 500	708.57	710.76	555.26
FT Gold mines	291.2	291.7	540.3
FT-A Long gilt	10.34	10.33	10.55
TOKYO			
Nikkei-Dow	12,630.96	12,726.64	10,630.1
Tokyo SE	1,012.50	1,018.30	816.99
AUSTRALIA			
All Ord.	937.3	937.0	780.6
Metals & Mins.	525.4	526.8	457.4
AUSTRIA			
Credit Aktien	100.24	100.25	53.37
BELGIUM			
Belgian SE	2,399.20	2,389.63	–
CANADA	Sept 3	Prev	Yr ago
Toronto			
Metals & Minls	2,099.5*	2,115.3	2,019.0
Composite	2,809.8*	2,819.9	2,388.8
Montreal			
Portfolio	136.32*	136.87	117.06
DENMARK			
SE	n/a	215.65	184.33
FRANCE			
CAC Gen	223.0	223.0	173.2
Ind. Tendance	126.6	126.7	111.9
WEST GERMANY			
FAZ-Aktien	501.62	498.10	343.92
Commerzbank	1,475.8	1,465.0	1,000.2
HONG KONG			
Hang Seng	1,586.22	1,618.17	939.42
ITALY			
Banca Comm.	375.38	373.83	218.65
NETHERLANDS			
ANP-CBS Gen	223.0	221.9	165.5
ANP-CBS Ind	194.1	193.3	130.5
NORWAY			
Oslo SE	353.07	356.05	260.24
SINGAPORE			
Straits Times	751.86	754.78	922.29
SOUTH AFRICA	Sept 3	Prev	Yr Ago
JSE Golds	–	987.2	967.5
JSE Industrials	–	945.3	833.8
SPAIN			
Madrid SE	110.79	110.81	138.58
SWEDEN			
J & P	1,374.28	1,368.10	1,454.48
SWITZERLAND			
Swiss Bank Ind	481.8	483.9	379.3
WORLD	Sept 2	Prev	Year ago
Capital Int'l	219.4	220.6	184.7

GOLD (per ounce)

	Sept 3	Prev
London	$328.50	$334.75
Zürich	$328.55	$334.75
Paris (fixing)	$333.93	$336.80
Luxembourg	$333.20	$336.20
New York (Oct)	$326.60*	$335.40

* *Latest available figure*

CURRENCIES

	U.S. DOLLAR		STERLING	
(London)	Sept 3	Previous	Sept 3	Previous
$	–	–	1.389	1.3775
DM	2.854	2.8355	3.9075	3.915
Yen	239.45	238.5	328.0	329.0
FFr	8.715	8.645	11.9425	11.9525
SwFr	2.351	2.3365	3.2175	3.22
Guilder	3.21	3.1885	4.395	4.4
Lira	1,906.0	1,894.25	2,610.0	2,613.0
BFr	57.75	57.3	79.1	79.1
C$	1.37055	1.36925	1.877	1.893

INTEREST RATES

	Sept 3	Prev
Euro-currencies (3-month offered rate)		
£	11 11/16	11¾
SwFr	4⅜	4 11/16
DM	4¾	4 11/16
FFr	10⅝	10¾
FT London Interbank fixing (offered rate)		
3-month U.S.$	8¼	8¼
6-month U.S.$	8 7/16	8 7/16
U.S. Fed Funds	8 3/16*	8
U.S. 3-month CDs	7.90*	7.70
U.S. 3-month T-bills	7.09*	7.165

U.S BONDS

Treasury	Sept 3* Price	Sept 3* Yield	Prev Price	Prev Yield
8⅞ 1987	99 29/32	8.927	99 29/32	8.98
10⅜ 1992	101 7/32	10.112	101	10.16
10½ 1995	101 17/32	10.239	101 13/32	10.28
10⅝ 2015	101 15/32	10.46	101 15/32	10.46
Corporate	Sep 3* Price	Sep 3* Yield	Prev Price	Prev Yield
AT & T				
10⅜ June 1990	100⅜	10.10	100⅜	10.10
3⅞ July 1990	82¼	8.25	82¼	8.25
8⅞ May 2000	83¾	10.85	83¾	10.85
Xerox				
10⅞ March 1993	100⅞	10.45	100⅞	10.45
Diamond Shamrock				
10⅜ May 1993	100⅜	10.50	100⅜	10.50
Federated Dept Stores				
10⅞ May 2013	95.500	11.15	95.500	11.15
Abbot Lab				
11.80 Feb 2013	103.748	11.35	103.748	11.35
Alcoa				
12¼ Dec 2012	101⅞	12.00	101⅞	12.00

Source: Salomon Bros

FINANCIAL FUTURES

CHICAGO	Latest	High	Low	Prev
U.S. Treasury Bonds (CBT) 8% 32nds of 100%				
Dec	76-04	76-07	75-25	76-01
U.S. Treasury Bills (IMM) $1m points of 100%				
Dec	92.65	92.66	92.58	92.63
Certificates of Deposit (IMM) $1m points of 100%				
Dec	91.84	91.84	91.78	91.85
LONDON				
Three-month Eurodollar $1m points of 100%				
Dec	91.50	91.51	91.45	91.51
20-year Notional Gilt £50,000 32nds of 100%				
Dec	111-28	112-04	111-27	112-04

COMMODITIES

(London)	Sept 3	Prev
Silver (spot fixing)	451.00p	449.00p
Copper (cash)	£1,010.50	£1,011.00
Coffee (Sept)	£1,615.00	£1,584.00
Oil (spot Arabian Light)	$27.80	$27.90

TOKYO

Extended sojourn on sidelines

INVESTORS stayed firmly on the sidelines and share prices closed substantially lower in Tokyo yesterday, with budget-affected issues pacing the downturn, *writes Shigeo Nishiwaki of Jiji Press.*

The Nikkei-Dow market average lost 95.68 from the previous day to 12,630.96. Volume decreased from the previous day's 339m shares to 384m. Declines outnumbered advances by a large margin of 517 to 271, with 151 issues unchanged.

The closure of Wall Street for the Labor Day holiday meant that the market lacked fresh incentives to influence the course of trading.

Investors were also concerned about the possibility of trade retaliation bills directed at Japan passing the U.S. Congress. Business corporations and securities houses' dealer sections were inactive, awaiting the business results of companies closing their books at the end of this month.

In lacklustre trading, constructions and other issues related to the Government's fiscal investments and loans programme lost ground almost across the board due to concern over their high price levels.

Wakachiku Construction shed Y36 to Y725, Sato Kogyo Y20 to Y446, Fudo Construction Y30 to Y510 and Ohbayashi Y14 to Y426.

Issues which stand to benefit from increased capital spending by electric power companies got off to a fast start, but came under profit-taking pressure later. Meidensha Electric dipped Y8 to Y501 and Takaoka Electric, the sixth most active stock with a turnover of 6.09m shares, ended unchanged at Y379.

But biotechnology-related fisheries attracted buying interest. Taiyo Fishery, the third most active stock with 10.72m shares traded, gained Y9 to Y314. Nippon Suisan, fourth with 6.94m shares, rose Y5 to Y424.

Nippon Kogaku declined Y25 to Y890 on reports that its recurring profit in the business year ending in March 1986 would drop 15 per cent from the previous year, affected by the slump in the semiconductor market. Hitachi lost Y9 to Y661 and Matsushita Electric Industrial Y20 to Y1,190.

Mitsubishi Heavy Industries continued to attract investors' attention and topped the active list with 35.76m shares. But the issue closed Y4 lower at Y402. Large-capital Nippon Steel and Kobe Steel fell Y1 each to Y176 and Y199, respectively.

Minebea, the second busiest issue with 12.70m shares, advanced Y15 to Y805 after moving erratically. Bankrupt Sanko Steamship, now traded in a liquidation post, closed Y1 higher at Y12.

On the bond market, banks' stepped-up buying sent down the yield on 6.8 per cent government bonds falling due in December 1994 to 6.120 per cent at one point. But the yield rebounded later to 6.150 per cent, compared with 6.160 per cent the previous day.

AUSTRALIA

GOLD STOCKS helped inject interest into an otherwise dull session in Sydney as turnover continued to ease and the All Ordinaries index managed an 0.1 rise to 937.2.

Helped by a further decline in the Australian dollar, GMK led the gold sector with a 10 cent rise to A$11.70 while Sons of Gwalia added 5 cents to A$3.25.

BHP was again heavily traded with 1m shares moving through the market as it slipped 2 cents to A$7.06. Among other leading mining issues, North BH added 4 cents to A$2.42 and Peko 5 cents to A$4.70.

SINGAPORE

PROFIT-TAKERS again took control in Singapore and pushed stocks lower across a broad front although turnover continued to decline.

The Straits Times industrial index fell 2.92 to 751.86, reflecting the fact that prices movements were generally slight.

Sime Darby fell 4 cents to S$1.77 following the release of slightly lower group results

Hotel, property and commodity stocks eased in line with the general tone.

EUROPE

Amsterdam activated to hit peak

THE NEW system of continuous trading in Amsterdam stimulated activity sufficiently to push the ANP-CBS general index to a record peak for the second consecutive day. The index ended up 1.1 at 223.0.

Sentiment was also underpinned by the higher dollar, which boosted prices of most international companies with big dollar revenue bases, and by expectations of a new state loan to be launched today. The loan will carry a coupon well below the previous one.

Overseas investors particularly welcomed the new trading arrangements and contributed to the higher turnover, which has risen by about 50 per cent since the new system took effect on Monday.

Leading banks, however, resisted the firmer trend and declined. ABN shed Fl 2.50 to Fl 512 ex-rights, Amro lost Fl 1.40 to Fl 88.70 and NMB Fl 1.50 to Fl 215.

Among insurers, Amev gained Fl 1.90 to Fl 297.10, Nat-Ned 20 cents to Fl 75 while Aegon was 20 cents lower at Fl 100.

Elsevier, which on Monday reported a boost in first-half profits, added 50 cents to Fl 135 while another publisher, VNU, dropped Fl 1.90 to Fl 223 ahead of higher earnings for the first-half of 1965.

Companies boosted by the firmer dollar included Unilever, up Fl 3 at Fl 340.50, Akzo 20 cents higher at Fl 126.50 and Philips 50 cents ahead at Fl 50.30.

Speculation over the new state issue, combined with the stronger dollar, caused bonds to turn lower. Prices fell by between 10 and 40 basis points.

Investors in **Brussels** seemed undeterred by the political crisis that has beset the Belgian Government in recent days, and the Brussels Stock Exchange index reached a high for the year at 2,399.29, np 9.66.

Utilities continued to be strong performers with Ebes rising BFr 35 to BFr 3,015 and Intercom up BFr 15 at BFr 2,275.

Among industrials, wire-maker Bekaert recovered some of it losses suffered on Monday to end BFr 40 higher at BFr 6,250.

Chemical stock UCB jumped BFr 110 to BFr 5,110 and appeared to be catching up with other chemical issues which have risen steeply in recent weeks. Solvay slipped BFr 30 to BFr 5,000.

Frankfurt ended narrowly mixed after a higher start, which lifted stocks to near record high levels. Position-squaring late in the session and a sudden lack of buying forced prices down again, however.

Among motor shares to suffer from late profit-taking, VW shed DM 4.60 to DM 329.50, BMW DM 4.50 to DM 472 while Daimler rose DM 2.50 to DM 961.

Chemicals generally eased with Bayer down DM 2.60 at DM 216, Hoechst DM 1.50 at DM 211.50 and BASF DM 1.30 at DM 218.70. However, Schering rose DM 2.50 to DM 478.50.

Bonds ended sharply lower, falling by as much as 50 basis points in the face of a stronger dollar. The Bundesbank continued its buying spree, taking up DM 128.9m worth of paper after buying DM 65.1m in the previous session.

Profit-taking also dampened prices in **Zurich**. Banks were generally mixed with Swiss Volksbank SwFr 5 higher at SwFr 1,870, Union Bank SwFr 5 lower at SwFr 4,375 and Swiss Bank SwFr 2 off at SwFr 478.

Among leading shares, Electrowatt shed SwFr 15 to SwFr 3,440, Landis & Gyr SwFr 20 to SwFr 2,070, Oerlikon Buehrle SwFr 30 to SwFr 1,610 and Winterthur SwFr 30 to SwFr 4,695.

The high dollar bolstered food issues in **Paris** with the general tone mixed. BSN Gervais rose FFr 10 to FFr 2,160, although drinks issue Moët-Hennessy lost some of the previous day's gains to end FFr 11 lower at FFr 1,960 and Perrier FFr 4.10 to FFr 494.90.

The weight of profit-taking caused oils to slip and Elf Aquitaine fell FFr 4 to FFr 201. Construction stocks were also hit with Lafarge Coppée off FFr 12 at FFr 527.

Institotions lifted prices in **Stockholm** with Aga the main gainer, rising SKr 4 to SKr 129.

Demand for industrials spurred interest in **Milan** where most prices ended higher. However, **Madrid** weakened in quiet trading.

LONDON

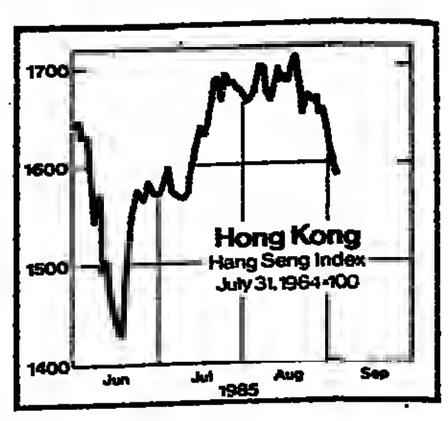
A SHARP shakeout in major electrical stocks brought an early rally among leading equities in London to an abrupt halt.

Nervous selling of BICC ahead of today's half-year statement triggered the activity. BICC fell 15p to 203p while GEC slipped 6p to 178p and Racal the same amount to 150p.

The FT Ordinary share index closed 5.7 down at 1,007.8 after being 3.6 higher earlier in the session.

Business in gilts was again confined to routine trading. Quotations drifted slightly lower with a continuing easier trend in sterling, but showed resilience later in the day when losses in the longs were reduced. Movements in the short-dated stocks were limited to a fraction either way.

Chief price changes, Page 31; Details, Page 30, Share information service, Pages 28–30



HONG KONG

CONCERN over the problems at Orient Overseas Holdings and higher domestic interest rates combined to depress trading in Hong Kong and push stocks sharply lower.

The Hang Seng index added to Monday's 40 point slide with a further 29.95 fall to 1,586.22 – the first time the index has closed below 1,600 since the beginning of July.

Orient Overseas remained suspended while rumours continued to circulate about the scale of its problems.

Property stocks were hit hard with Cheung Kong down 30 cents to HK$17.70, Hongkong Land off 20 cents to HK$6.05 and Hongkong & Kowloon Wharf 15 cents lower at HK$6.60.

SOUTH AFRICA

NERVOUSNESS dominated trading in Johannesburg as the previous day's heavy losses were extended under the inflnence of political uncertainty and weakness in the bullion price.

Among leading gold stocks, Buffelsfontein fell R3.50 to R74, and Kloof 50 cents to R76. Lower priced stocks were also under selling pressure with Venterspost off 25 per cents to R17 and South African Land and Exploration 20 cents lower at R4.80.

Mining houses were mixed. Anglo American firmed 25 cents to R30.25 and Gold Fields of South Africa was down R1 to R33.

Industrial stocks also closed mixed on a slightly firmer bias.

CANADA

A GENERAL weakness developed in Toronto, forcing a broad range of stocks well down from the record levels achieved last week.

Banks eased with Bank of Nova Scotia trading C$⅛ down at C$13½, Canadian Imperial off C$½ to C$38¼ and Toronto Dominion C$⅛ lower at C$24⅛.

Montreal was active with industrial, bank and utility stocks trading lower.